

# FINANCIAL TIMES

## HORTICULTURE

Going Dutch  
in Brazil

Page 20

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### World News

Russia backs down in dispute over UK beef aid

The row over whether Russia would accept 2,000 tonnes of UK beef aid ended after British and European Community vets reached agreement with the Russians that it poses no threat of "mad cow" disease.

A Russian statement said the shipments would come from cattle less than three years old. Page 13.

Yugoslav minister quits. General Veljko Kadijevic, the Yugoslav defence minister in charge of the federal army, resigned 24 hours after a Yugoslav jet shot down a helicopter carrying European Community truck monitors. He cited his deteriorating health. Page 12.

Special EC summit. A special summit of EC states could be called in April to discuss a financial package for the Community. European Commission president Jacques Delors said in Lisbon. Proposals for the package would be presented by mid-February. Page 12.

Georgian crisis. Georgia's acting prime minister Tengiz Sigua said medical certificates had been located diagnosing former president Zviad Gamsakhurdia as mentally ill. He fled the country on Monday. Page 2.

Delegations delayed. Palestinian delegates to peace talks in Washington arrived in Amman three hours late because Israeli authorities tried to stop three administrative staff leaving the occupied territories. Page 3.

Polish strike threats. Poland's 2m strong Solidarnosc trade union is to call a one-day national strike on Monday to protest against energy price rises brought in on January 1. Other unions are threatening to take stoppages on January 16. Page 3.

LDP post agreed. Shin Kanemaru, "godfather" of Japan's ruling Liberal Democratic party, agreed to become party vice-president as an apparent attempt to bolster the shaky leadership of prime minister Kiichi Miyazawa. Page 3.

East Timor apology. An Indonesian general conceded for the first time that soldiers had fired in shooting dozens of anti-Indonesian demonstrators in East Timor in November. He asked forgive- ness for "shortcomings and mistakes".

Cuba captures three. Cuba said its security forces captured three armed "counter-revolutionary terrorists" trained in the US. They were reported to have landed by ship on the northern Cuban coast to launch attacks on the island. Page 14.

Palestinians jailed. A Greek court sentenced Palestinian Mohammed Bashid to 18 years for a mid-air bomb blast aboard a Hawaii-bound Pan Am airliner in 1982 which killed a Japanese. Page 3.

Burmese Moslems flee. Hundreds of Burmese Moslems flooded into Bangladesh as the two countries held talks to ease tension on the frontier which followed a border clash. Page 3.

Sexual harassment laws. France is to amend its labour laws to protect employees from sexual harassment by their bosses. Women's rights minister Veronique Neirat announced.

Mafia's turnover. Organised crime in Italy is becoming an increasingly sophisticated business with an annual turnover of \$17bn, according to a report published by a private research institute. Page 2.

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US/Japan: Poor image brakes American car manufacturers

Scandinavia: Scotland may show its wrath in the polls

British Aerospace: The difficulty of winning back favour

Marwell collapses: Little room for City of London excuses over Maxwell-Ascaso

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Where Chateau Latour, where prestige is more important than profitability

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### Business Summary

#### Nestlé and BSN to control Czech food group

NESTLÉ, Swiss-based food group is joining forces with French biscuit maker BSN to gain control of Cokoladovny, Czechoslovakia's largest food producer.

They will take 43 per cent of Cokoladovny and The European Bank for Reconstruction and Development will acquire a further 15 per cent.

ASSURANCES Générales de France, French state-owned insurer, has raised its stake in Aachener und Münchener Betriebsgruppe, Germany's second largest insurer, to just over 25 per cent. AGF becomes the biggest shareholder in AMB. Page 13; Lex, Page 12.

WOOLWORTH, big US retailer, is overhauling its operations. It plans to sell or redeploy 900 underperforming stores, etc a fourth-quarter post-tax charge of \$250m. Page 13.

THYSSEN, biggest German steelmaker, is investigating urgent economy measures which could lead to the merger of its two main steel subsidiaries. Group profit fell 25 per cent in 1991. Page 14.

WORLD BANK has strongly criticised a \$28.1m (DM3.8bn) contract involving a British firm of consulting engineers and a Kenyan state company. A World Bank document says the price of the consultancy contract is "five times what such services would normally cost". Page 15; Second opposition party, Page 3.

SUN ALLIANCE, Britain's biggest composite insurer, is to buy Foremost-Gruppen, Norway's fourth biggest life insurer through a bid from its Danish subsidiary, Codan. Codan's other values fell 25 per cent in 1991. Page 14.

OLYMPIC PRICES fell to their lowest since the end of the Gulf War last February amid fears that Iraq might be allowed to enter. Brent crude for February fell almost a dollar to \$17.05 a barrel. Page 20.

TANDEM COMPUTERS of California expects to report an operating loss for the first quarter of its 1992 fiscal year. It will also take a \$60m restructuring charge and axe about 700 jobs. Page 18.

CHRYSLER, smallest of the big three US vehicle makers, unveiled a new generation of executive saloons to be launched in North America this autumn. The LH project is the first all-new car programme at Chrysler for more than a decade. Page 14.

OLIVETTI: Union leaders and management at the loss-making Italian computer group held talks amid speculation that the company will seek more big job cuts. Olivetti already won agreement for 3,500 job losses. Page 14.

DIXONS GROUP: A Christmas sales surge came too late to save the UK electrical retailer from reporting a sharp drop in interim pre-tax profits from £27.2m to £17.5m (£32m). Dixons' US Sila chain showed steepening losses. Page 14; Lex, Page 12; Rising losses in US, Page 15; Appointments Page 21.

COMPASS AIRLINES, Australian domestic carrier grounded since running out of funds last month, has a 50 per cent chance of getting airborne again, the provisional liquidator said. The federal government has agreed to back a business plan to support the airline. Page 15.

GRAND Metropole, UK drinks, food and retailing group, is to buy the frozen food division of McClynn Bakeries of the US. The deal, to be funded by the issue of new Grandmet shares, could be worth about \$140m. Page 18.

Laurent Fabius: The rise of France's political high-flier



The brilliance of Laurent Fabius, who will today be voted first secretary of the French Socialist party, has carried him with supernatural speed up the ladder of political promotion. Page 12.

### MARKETS

#### STERLING

New York lunchtime:

\$1.573

London:

£1.572 (1.5725)

DM2.835 (2.845)

FF19.6875 (9.7175)

SF2.53 (2.5275)

Y233.75 (222.75)

£ Index 91.4 (91.5)

GOLD

New York Comex Feb

\$351.8 (350.5)

London:

£350.3 (346.65)

N SEA OIL (Argus)

Brent 15-day

£71.05 (18.175)

10 Observers

10 Stock Marketsword

10 London

10 Lex

12 Technology

12 Unit Trusts

24-27

8 World Index

22

#### DOLLAR

New York lunchtime:

DM1.5135

FF15.1705

SF1.3495

Y124.85

London:

DM1.515 (1.5195)

Y233.75 (222.75)

£ Index 91.4 (91.5)

Y124.85 (124.35)

S Index 60.5 (60.3)

Y124.4

US LUNCHTIME RATES

Fed Funds: 3.5%

3-month Treasury Bills:

3.797%

Long Bond:

107.3

Chief price changes yesterday. Page 13

yield: 7.381%

LONDON MONEY

22.715.00 (-85.39)

3-month Interbank:

103.4% (same)

Long gilt futures:

Mar 97 102.75 (Mar 97.35)

Member of The Securities and Futures Authority

Thursday January 9 1992

## Bush to continue talks despite ill-health

By Stefan Wagstyl in Tokyo and Lionel Barber in Washington

PRESIDENT George Bush will go ahead with a second round of summit talks in Japan today in an effort to dispel fears about his health. Such concern was sparked yesterday by his collapse at a state banquet in Tokyo.

The White House said the president was resting comfortably last night after suffering an incident - captured live on Japanese television - regarding fears about Mr Bush's health ahead of his campaign for re-election this year.

The 67-year-old president keeled over before his horrified Japanese hosts after complaining several times of feeling sick. Mr Kiichi Miyazawa, the Japanese prime minister, cradled Mr Bush's head briefly before US Secret Service agents surrounded the stricken president.

After 10 minutes, Mr Bush, looking ashen-faced and shaky, got to his feet and was wrapped in his coat. Smiling, he saluted his audience, shook hands with Mr Miyazawa, and was taken by limousine to the Japanese prime minister's official residence at Tokyo's Akasaka Palace.

The White House tried to play down the episode, which came during a series of trade talks with Japan at a grueling 12-day, 26,000-mile tour of the Pacific which began on December 30.

The president had billed the trip as a mission to bolster the struggling US economy by creating jobs for Americans through prime ministers and other east Asian markets.

The president's popularity at home has slumped amid a collapse in public confidence over economic prospects.

Mr Miyazawa went ahead with a planned trip to New Hampshire, where next month's primary elections will provide the first important test for Mr Bush in the 1992 election campaign.

"There is no reason to be concerned," said Mr Quayle yesterday. "The president is doing well, resting well."



President Bush leaves a Tokyo banquet yesterday with Dr Burton Lee, his personal physician, after becoming ill

## Bank of England on alert as pound slips in ERM

By Peter Marsh in London

THE Bank of England went on alert last night after sterling ended the day near its lowest permitted point in the European exchange rate mechanism and at its weakest close against the D-Mark since ERM entry 15 months ago.

Should the pound continue to fall and intervention by the Bank fail to stop the slide, Mr Norman Lamont, the chancellor of the exchequer, faces the politically damaging option of having to raise interest rates to increase sterling's value.

After a nervous day on currency and equity markets, sterling closed in London down a pence to DM2.8350, within roughly a quarter of a pence of its effective ERM floor of about DM2.8325.

Sterling's weakness was caused largely by a stronger D-Mark and lack of support from investors worried by signs of a long and slow recovery from the UK recession.

On the London stock market, share prices suffered from concern about the world economy and reports of President Bush's collapse. But the FTSE 100 index of leading shares recovered from a 41-point loss to close at 2,467.0, down 15.3. It was helped by a confident opening on Wall Street, where the Dow Jones Industrial Average was quoted at around noon. New York time at 3,215.56, up 19.73.

Assuming sterling opens weaker today, Mr Lamont is likely to instruct the Bank to buy sterling on foreign exchange markets rather than increase interest rates from their current 10.5 per cent.

If sterling hits its ERM floor, intervention by the Bank would probably be aided by other European central banks. Also, since the pound's lower effective ERM limit is set by the peseta, the strongest currency in the system, the Bank of Spain would be called on to sell the Spanish currency, reducing pressure on the UK unit.

However, since the Bundesbank increased German interest rates just before Christmas, all the other countries except Britain have increased borrowing rates. These nations might argue that the UK should do likewise, as part of the learning process associated with joining the ERM.

Economic Viewpoint, Page 11; Lex, Page 12; Currencies, Page 26; London stocks, Page 21.

## US and Japan pledge to boost world economy

By Stefan Wagstyl in Tokyo



## INTERNATIONAL NEWS

**'Godfather'** agrees to take top LDP post

By Robert Thompson in Tokyo

THE "godfather" and acknowledged leader of Japan's ruling Liberal Democratic Party, Mr Shint Kanemaru, has agreed to take the post of party vice-president, in an apparent attempt to bolster the shaky leadership of Mr Kiichi Miyazawa, the prime minister.

Mr Kanemaru, chairman of the party's largest faction, is credited with having ensured Mr Miyazawa's selection as leader. He said yesterday he had "a responsibility" to support the prime minister and party president.

But Mr Kanemaru, 77, has taken two months to accept Mr Miyazawa's invitation to take the number two position, and some of Mr Kanemaru's colleagues have advised him not to be too closely associated with a prime minister whose reign could be short.

Mr Miyazawa is generally reckoned to have made a poor start as prime minister, having already failed to win parliamentary approval for a bill authorising Japanese troops to take part in UN peace-keeping operations. He has also been hurt by a fresh scandal involving alleged donations to a senior member of his own faction.

In accepting the offer, Mr Kanemaru, who will be formally appointed later this month, made clear he was responsible for Mr Miyazawa's elevation: "When you choose a man to become leader, you must do your best to support him."

**Court in Greece sentences Arab for bombing jet**

By Karin Hope in Athens

YESTERDAY one percentage point cut in Australia's official interest rates to 7.5 per cent is a result of government determination to shore up confidence in the country's flagging economy. Short-term interest rates have now fallen by 18.5 percentage points since peaking at 18.5 per cent in January 1990.

The reduction was expected following the appointment of Mr Paul Keating as prime minister last month, after he defeated Mr Bob Hawke in a battle for the leadership of the ruling Labor Party.

Mr Keating argued during his leadership campaign for a more relaxed monetary policy to help the economy recover from the two years of contraction that had pushed unemployment to a 10.5 per cent post-war record.

The size of the cut was limited by a deterioration in the balance of payments in November, when the current account deficit jumped to A\$1.7m (2700m) seasonal, from around A\$1.4bn in the previous two months.

Short-term bond rates remained below the official rate last night, indicating confidence that the government would announce a further cut of up to one percentage point in the next few weeks.

Economists said the scope for further cuts was limited by the re-emergence of a balance of payments constraint on growth and the weakness of the Australian dollar, trading at about 75.77 US cents in Sydney last night, against over 80 cents in September.

Political pressure for a further relaxation of monetary policy is likely to grow if unemployment figures due today show the economy is still shedding jobs.

Mr John Dawkins, the treasurer, said the interest rate cut was "an appropriate response to the weakness in the economy" which would "assist in reviving confidence". But the government is planning hopes to be made by Mr Keating in late February or early March, following consultations with business and trade union leaders.

Mr Dawkins said the government had some scope for a relaxation of fiscal policy without imperiling the federal budget, expected to be about A\$8.5bn in deficit this year but expected to return to surplus when the economy recovers.

**Second opposition party launched to oppose Moi**

By Julian Ozanne in Nairobi

KENYA'S second opposition party was formally launched in Nairobi yesterday. The Democratic Party (DP) promised to end what it called President Daniel arap Moi's dictatorship and to usher in democracy, good governance, accountability and transparency.

Mr Mwai Kibaki, a veteran politician and former vice-president who resigned from Mr Moi's government on Christmas Day, said his party was also committed to free enterprises and to racial, sexual and religious equality.

The Forum for the Restoration of Democracy (FORD) was the first substantial opposition party to be launched, before multi-party elections due this year.



Palestinian delegates to peace talks in Washington arrived in Amman three hours late yesterday because the Israeli authorities tried to stop three of their administrative staff leaving the occupied territories, Reuter reports from Amman.

Mrs Hanan Ashrawi - pictured above leaving Jerusalem - said the Israelis backed

down when the delegates threatened to go home if the three could not cross the River Jordan with them. "We told the Israelis that if they kept trying to impede the work of the delegation we would go back to our country and we really thought of doing so," Mrs Ashrawi said.

The Palestinians, together with the Jordanian half of their joint delegation, plan

to leave for Washington this morning for the third round of bilateral meetings since the US launched the Middle East peace process in Madrid in October.

In the second round in December, Israeli, Jordanian and Palestinian delegates spent all six days arguing in the corridors of the State Department over

the status of the Palestinian delegates.

**Keating acts to shore up economy**

By Kevin Brown in Sydney

Diligent investigations by the United States of America, the United Kingdom and France have shown that the bombing of Pan Am flight 103 over Lockerbie and the destruction of UTA 772 over Africa are the result of Libyan state-sponsored terrorism.

Gaddafi is responsible for all terrorism originating from Libya. As absolute ruler, he has channelled the country's resources into these malicious acts. As long as Gaddafi remains in power, his regime will continue to be the world's main sponsor of terrorism.

The Libyan people commiserate with the families affected by Gaddafi's hideous acts of terrorism. We know too well the suffering and pain that he has caused them. The Libyan people have been his victims for over 22 years. Gaddafi's regime is accused of routine murders, torture and human rights violations in Libya. We have lost thousands of innocent Libyans under his tyranny, just as the world community has suffered from his state-sponsored terrorism and support of organisations like the IRA and the Abu Nidal group.

Gaddafi's tyranny led us to organise ourselves into the National Front for the Salvation of Libya (NFSI) more than ten years ago. This movement was formed to encourage and unite all Libyan national forces opposed to the Gaddafi regime. The NFSI is determined to overthrow Gaddafi, dismantle his regime and restore freedom, democracy and the rule of law to Libya.

December 24, 1991 marked the fortieth anniversary of Libya's independence. The peaceful transition to indepen-

**Islamic party leader claims Algerian army is deployed**

A LEADER of Algeria's Islamic fundamentalists, poised for election victory, said yesterday the armed forces had been deployed in strength throughout the country over the last 24 hours, Reuter reports from Algiers.

Mr Abdelkader Hachani, leader of the Islamic Salvation Front (FIS) announced that he had "received reports from all regions, saying that the army and security forces have been deployed in force since last night."

There was no immediate official comment.

Diplomats said at the weekend that tanks and other units moved into positions around the capital last Thursday, a week after the FIS took a commanding lead in the first round of elections.

"We want to know what justification there is for this deployment. If it is because of the second round, why have they deployed in regions where seats were decided at the first poll?" Hachani asked.

FIS deputies took 188 seats in the first round, just 28 short of a parliamentary majority, and are well placed for the second round on January 16, which will decide the remaining 189.

Mr Hachani said there was no sign the government was preparing for the second



Hachani: no preparation for second round

round, which is only seven days away.

"There is no action which proves that the government is preparing for the second round. The government has taken no measures to organise the election," he said.

"Up to today the number of candidates is not ready, the method of voting is not clear, or how the elections will be controlled. Even the form of the voting forms is unknown."

"We have asked the government for all this but received no reply," he said.

Candidates have, however, been allocated time on radio and television to broadcast their campaign messages.

Eight parties are in the runoff, dominated by the FIS and the former ruling National Liberation Front (FLN).

Francis Ghiles adds: Mr Hocine Ait Ahmed, the leader of the Front des Forces Socialistes, the main lay opposition party, said that he found the eventuality of a military take-over "very difficult to believe".

He said he thought the deployment was a cautionary move before a decision, expected next Saturday, from the Constitutional Court on allegations of fraud in 145 constituencies.

In spite of the troop movements and the extreme tone of

some of the FIS language -

posters went up in Algiers

declaring that the party would

"propagate Islamic faith at

home and abroad by persuasion (Al Tariqib) by terror (Al Tarib) - the mood in the

capital was remarkably calm.

Algiers radio and the dozen

or so newspapers published

every day are full of argu-

ments, insults and analyses -

the sort of mix one would

expect during a hotly-contested

campaign in many western

countries.

CAN  
LIBYA BE  
FREE  
AGAIN?

Libya's democratic experiment was aborted by Gaddafi's military coup in 1969. Prior to the coup, Libya enjoyed good relations with its neighbours and the world at large. Under Gaddafi the Libyan people have lost their freedom and their dignity. The NFSI is committed to returning Libya to its original course as mandated by the United Nations. It is our objective that Libya will soon resume its constructive role within the world community, and once again establish a reputation as a model of peace, development, stability and progress.

We, the Libyan people, forty years after the U.N. mandated independence, find ourselves once again appealing to the world community to support us to put an end to Gaddafi's rule, and restore freedom and democracy in Libya. We ask the United Nations and the world community to take direct action in opposing Gaddafi's regime. We in the National Front for the Salvation of Libya pledge to continue our struggle until Libya and its people are free once again.

For more information on the NFSI and its programme for a democratic Libya please write to: The National Front for the Salvation of Libya, 117 W. Harrison Building, 6th floor - Suite A246, Chicago, Illinois 60605, U.S.A.

NFSI  
THE NATIONAL FRONT FOR  
THE SALVATION OF LIBYA

## BUSH IN JAPAN

Collapse at banquet in Tokyo renews doubts and fears over president's health and stamina

## America wakes up to a stricken commander

By Lionel Barber in Washington

THE pictures from Tokyo of a stricken President George Bush, his face ashen and his mouth agape, will remain embedded in the US popular memory for a long time.

Millions of Americans woke up yesterday morning to watch the jarring images replayed again and again on breakfast television. Many wondered if George Bush had met the eye in the White House explanation that the Commander-in-Chief had fallen victim to a severe bout of stomach flu.

This was, after all, not the first time that Mr Bush had fallen sick on the job. Just seven months ago, the president was taken to hospital after suffering "atrial fibrillation" – a rapid heart-beat which doctors later diagnosed as a symptom of a thyroid ailment. Then, as now, questions have arisen about the quality of Mr Bush's potential successor, Vice-President Dan Quayle.

In the short term, it was Mrs Barbara Bush who probably saved the day. Soon after her husband had collapsed, the First Lady recovered her com-

posure, remained at the state dinner hosted by Mr Kichi Miyazawa, the Japanese prime minister, and proceeded to make light of the incident.

"I can't explain what happened to George because it never happened before, but I'm beginning to think it's the ambassador's fault," said Mrs Bush, pausing for laughter and applause. She went on to explain that the president had played tennis with Mr Michael Armacost, US ambassador, for two hours against the Emperor and Crown Prince of Japan, and had been soundly thrashed: "We Bushes aren't used to that."

Despite Mrs Bush's best efforts, the Tokyo tummy bug incident – if that is all it is – means that Mr Bush's health will become a factor in the presidential electoral campaign this year, as it threatened to do after Mr Bush had suffered his irregular heart-beat last May while jogging at Camp David.

In the coming months, Mr Bush, who is aged 67, will face a travel schedule almost as rigorous as the 12-day, 26,000-mile

trade mission which has taken him through 10 time zones to Australia, Singapore, South Korea and now Japan.

Comparisons will be drawn between the White House incumbent and the ruddy-faced Governor Bill Clinton of Arkansas, 46 years old and the early Democratic front-runner.

Last year, Mr Bush lost almost a stone in weight after

such as Richard Nixon and Jimmy Carter, weighed down by the terrible burden of office, Mr Bush uses exercise as a mental escape, in much the same way as his hero President Theodore Roosevelt did at the turn of the last century.

Last year, Mr Bush lost almost a stone in weight after

for three years and one that he enjoys. He is a very physical and vigorous man, and I don't expect any changes."

In recent months, however, Mr Bush has been more "hyper" than usual. Some attribute the activity to an effort to compensate for his slump in the polls. This stems from a slide in public confidence in an early economic recovery, although Mr Bush has had plenty of other serious concerns such as the collapse of the Soviet Union, the fate of more than 27,000 nuclear warheads on Soviet soil and – the single most important political issue in the US today – the future of the US economy.

Mr Bush has tried many a public gimmick to restore confidence. "Activity," says one critic, "has replaced thought."

The decision to take 21 US business leaders on the trip to Tokyo may be the most unfortunate gimmick of all. Mr Bush faces criticism – in Japan and in the US – for having invited corporate executives such as Mr Lee Iacocca, Chrysler chairman, to berate his hosts. Five

## Mulford seeks support for growth strategy

By Peter Norman, Economics Correspondent



Mr David Mulford, US Treasury under-secretary for international affairs, was yesterday seeking support among European members of the Group of Seven leading industrial countries for the US-Japanese growth strategy unveiled in Tokyo by US President George Bush and the Japanese prime minister, Mr Kichi Miyazawa.

After visiting Paris on Tuesday and Bonn yesterday morning, Mr Mulford arrived in London for a meeting with Mr Norman Lamont, Britain's Chancellor of the Exchequer. Mr Mulford will visit Rome tomorrow before returning to Germany at the weekend for the first in a series of meetings of senior officials to prepare this year's world economic summit in Munich in July.

Speaking just after arriving in London, Mr Mulford said his tour of European capitals was to seek the four governments' views about the state of the world economy and to establish whether and how they would be prepared to take part in a global growth strategy.

However, there was little sign yesterday that European countries would be inclined to change existing policies in response to US pressure.

Mr Mulford underlined that he was consulting America's European G7 partners rather than asking them to join an already prepared plan. The statement issued yesterday in Tokyo was a joint US-Japanese initiative to strengthen the world's two biggest economies.

He said his trip to Europe was "beginning a process" which he hoped would lead to new commitments similar to those announced in Japan.

The US Treasury tried last year to encourage European countries to adopt more expansionary policies.

stationary economic policies but met resistance from treasurers and central banks that preferred to give priority to combating inflation.

Mr Mulford said yesterday he believed there was now greater concern in Europe about the sustainability of global growth that was not apparent six or nine months ago. However, in Britain, France and Germany there was little to suggest that governments were prepared to rethink existing policies.

Yesterday, at a meeting of the National Economic Development Council, Mr Lamont indicated that he opposed short-term fiscal action to stimulate the economy. He recently underlined his acceptance of high UK interest rates by repeatedly ruling out any devaluation of sterling in the European Monetary System.

Similarly, French finance minister, Mr Pierre Bérégovoy, yesterday rejected suggestions that France relax its anti-inflation policy or weaken its commitment to a hard frame.

As long as I shall be finance minister, there will be neither devaluation of the franc nor a return to inflation," he said in the *Figaro* newspaper.

Officials in Bonn also reacted cautiously to the US-Japanese move. They disclosed that the US had given several weeks' notice of President Bush's economic initiative to the German government in a series of meetings.

Ministers had been briefed and welcomed "any global actions" which might aid recovery. But possibly mindful of strong criticism of German policies by Washington last year, they said it was important that no single country should be singled out for special treatment.

Additional reporting by Ian Davidson in Paris, Christopher Parkes in Bonn and Peter Marsh in London.

### JOINT COMMUNIQUE

## Plan to bolster world economy

THIS IS the text of a joint statement issued yesterday by US President George Bush and Mr Kichi Miyazawa, the Japanese prime minister.

President Bush and Prime Minister Miyazawa today announced a strategy for world growth designed to strengthen the world economy. The president and the prime minister expected concern over the growth of the world economy in 1991 slowed to the lowest level in nearly a decade. They recognised that the outlook for growth of the world economy this year is weaker than previously expected.

This situation could adversely affect prospects for income and jobs, undermining the efforts of newly emerging democracies and developing countries to implement sound market-oriented economic reforms, and raise the spectre of renewed protectionism. The US and Japan are the two largest countries in the world economy, together accounting for nearly 40 per cent of total global production and more than 20 per cent of world trade.

Mr Peter Pestillo, vice-president of Ford, said in Tokyo that the figures were too small to solve the imbalance in the auto trade.

Mr Bush told Mr Miyazawa that while he wanted better access for US manufacturers, Americans also had to consider why European cars sold well in the Japanese market and US cars did not.

Meanwhile, the president got some satisfaction on a project close to his heart – his request for a Japanese contribution to a \$3.2bn superconducting supercollider, a huge scientific research machine, under construction in his home state of Texas. Mr Miyazawa agreed to the setting up of a working group to study the project.

The president and the prime minister, aware of a special responsibility placed on their countries by their position, recognise that each country needs to pursue responsible economic policies that strengthen the international economy and global trading system.

They have decided to undertake domestic policies to improve growth prospects, as a part of a co-operative effort which contributes to the attainment of sustainable growth with price stability and the promotion of global economic recovery.

Prime Minister Miyazawa, with these considerations in mind, stated that the government of Japan will submit to the Diet (parliament) the fiscal 1992 budget and the fiscal investment and loan programme aimed at strengthening domestic demand

by increased public investment through the central government and local government, and contributing to the world through its official development assistance (ODA) and other measures, despite tight fiscal conditions.

Prime Minister Miyazawa stated that the government of Japan will monitor the progress of the above measures to ensure the expected effects are realised.

The recent decision by the Bank of Japan to reduce interest rates is also intended to maintain sustainable growth with price stability.

Toward the same end, President Bush also stated that he would be submitting to Congress a comprehensive programme to strengthen US growth and competitiveness. The details of the programme will be contained in the president's State of the Union message and his budget proposals for fiscal 1993, to be announced later this month. The president noted that the recent reduction in interest rates reflected the determination by the Federal Reserve to facilitate US economic recovery and growth.

The president also reaffirmed his commitment to achieving a substantial reduction of the US budget deficit over the medium term.

The president and prime minister also discussed developments in financial markets and noted that recent exchange rate movements were consistent with current economic developments.

They expressed confidence that the above measures and developments will contribute to a correction of external imbalances.

President Bush and Prime Minister Miyazawa emphasised their continued support for ongoing economic policy co-operation among G7 countries as essential for achieving their common objectives, as expressed in this statement.

They stressed the importance of continued co-operative efforts and called on other industrial countries to join with them.

## US auto makers await concessions

By Stefan Wagstyl and Steven Butler in Tokyo



THE US president, who has made opening Japanese markets to foreign goods the main purpose of his trip to Japan, yesterday secured some modest trade concessions from the Japanese government.

But Mr George Bush failed to obtain the assurances he has sought on better access to Japanese markets for the US auto industry.

The president, who is concerned about the US recession and Japan's large bilateral trade surplus, regards the auto trade issues as crucial to the success of his visit.

While he and Mr Kichi Miyazawa, the Japanese prime minister, steered clear of trade details at their summit meeting yesterday, their officials were locked in long negotiations.

The talks were planned to end by the evening. But officials were forced to postpone scheduled briefings when it became apparent that the two

sides were still divided over the auto market. They hope to reach agreement today.

"It's pretty tough. But I think we could have smiles on our faces in the end," said one official close to the talks.

The Japanese have agreed to US demands in some areas, including the relaxation of testing procedures for imported cars.

However, US officials are not satisfied with the pledges they have secured for increases in purchases of foreign parts and local procurement for overseas plants and imports of US-made cars.

The gap is even greater in imports of finished cars.

US makers have complained that they cannot sell many cars in Japan because the sales networks are controlled by the Japanese manufacturers.

So GM has pressed Japanese makers to open their networks to imports.

Yesterday, leading Japanese makers announced plans to import between 45,000 and 50,000 more US-made cars a year into Japan by 1994. The bulk, however, will come from an increase in imports of US-made Honda cars – from 14,000 in 1991 to 27,000 – and a

plan by Toyota to import 20,000 US-made vehicles by 1994.

Help for US makers will be on a smaller scale – Toyota said it would negotiate with General Motors about selling perhaps 5,000 cars a year. Nissan plans to sell 3,000 Ford vehicles annually and Honda intends to increase the number of Chrysler Jeeps it handles from 1,200 to 1,500.

The gap is even greater in imports of finished cars.

US makers have complained that while they wanted better access for US manufacturers, Americans also had to consider why European cars sold well in the Japanese market and US cars did not.

Meanwhile, the president got some satisfaction on a project close to his heart – his request for a Japanese contribution to a \$3.2bn superconducting supercollider, a huge scientific research machine, under construction in his home state of Texas. Mr Miyazawa agreed to the setting up of a working group to study the project.

The president and the prime minister, aware of a special responsibility placed on their countries by their position, recognise that each country needs to pursue responsible economic policies that strengthen the international economy and global trading system.

They have decided to undertake domestic policies to improve growth prospects, as a part of a co-operative effort which contributes to the attainment of sustainable growth with price stability and the promotion of global economic recovery.

Prime Minister Miyazawa, with these considerations in mind, stated that the government of Japan will submit to the Diet (parliament) the fiscal 1992 budget and the fiscal investment and loan programme aimed at

strengthening domestic demand

## Poor image works against western 'gas guzzlers'

Robert Thomson on why the Japanese steer clear of imported cars

PRESIDENT George Bush's car sales pitch in Japan this week has apparently had an impact. At Chrysler's largest showroom in downtown Tokyo, the number of potential customers walking through the automatic doors has doubled since the US president landed – from a meagre five a day to a Bush-inspired 10.

"People have become more curious, but American cars still have a poor image among Japanese," a Chrysler salesman explained. "They ask me whether the lights are faulty and they worry about fuel consumption. Some models don't have enough gadgets to keep drivers happy. We Japanese love gadgets."

The presence of Mr Bush and his entourage of executives

from the Big Three US manufacturers – GM, Ford and Chrysler – has generated much publicity for the US industry, but it remains unclear whether the visit will prompt an increase in sales of US cars.

About 12,350 vehicles made by the three US companies were sold in the the first 11 months of last year. For the whole year, the Japan Automobile Dealers' Association (Jada) reported sales of 5.74m units, including 198,920 imported vehicles, sales of which were down 10.7 per cent on 1990.

The travelling US executives argue the domestic market has been a "sanctuary" for Japanese producers, who have

ploughed domestic earnings into aggressively building market share in the US and Europe. But the executives have identified few reasons for Japanese consumers' continuing reluctance to buy their product.

At Chrysler, which has four showrooms in Japan, a salesman suggested that Japanese consumers have failed to recognise the advances made by US makers in recent years, although the makers still export over-large cars which don't fit the market or Japanese streets.

Unfortunately for the US companies, some of their best customers over the past two decades have been the *yakuza*, Japanese gangsters, who have a well-known fondness for cars such as GM's Cadillac. Chrysler sales staff are encouraged to be cool in dealing with gangsters, who apparently like the company's Imperial model, which is 5.15 metres long and costs Y6.2m (£26,700) before taxes.

"We know that a customer is a gangster, perhaps we will not provide them with the finance to buy the car. We are very conscious of the image of our company," an official said.

US manufacturers have not always had such a tiny portion of the Japanese market.

Foreign makers, with Ford and GM leading the pack, held a 9.6 per cent share in the early

1930s, a figure which fell sharply after the government introduced a law in 1933 to restrict imports and the assembly of foreign companies' vehicles in Japan.

By 1932, foreign makers were squeezed out completely, though they returned at the end of the war in 1945, and imports accounted for 44.6 per cent of the market in 1951. The introduction of steep tariffs and the gradual development of the Japanese industry, assisted by foreign technology transfers and government funding, reduced the share to 8.9 per cent in 1955 and to 0.4 per cent in 1969.

Foreign investment in the Japanese industry was effective prohibited until 1970 and the government inconveniently insisted, until 1983, that each imported car be inspected by customs officers.

Meanwhile, the quality of the domestic product had improved significantly, and exports grew from 184,000 in 1955 to 8.1m in 1984.

US manufacturers suggest that access to the Japanese market is still restricted, but Japanese companies insist the quality and price competitiveness of their vehicles are behind the marginal gains made by foreign vehicles in the past decade.

Jada says its members, most of whom have direct links to Japanese manufacturers, are ready to sell US vehicles, but that these cars are not tailored to Japanese taste.

Dan Quayle: cannot win public's confidence

## AMERICAN NEWS

# Washington urged to abate global warming

By Michael Prowse in Washington

US POLICY-MAKERS have seriously underestimated the economic costs of global warming and should support an 'aggressive programme of international statement'.

The warning was delivered by Mr William Cline, a senior fellow at the Institute for International Economics, a Washington think-tank, at the annual meeting of the American Economics Association in New Orleans last weekend.

Most analyses of global warming have focused on the effects of a doubling of carbon dioxide concentrations, which are unchanged policies are expected by 2025. The consensus among scientists is that this would raise average global temperatures by between 1.5 and 4.5 degrees centigrade, causing a substantial rise in the sea-level.

Mr Cline analyses the costs of cutting carbon emissions to 200 tonnes annually and holding there for three centuries.

Abatement costs would peak at 3.5 per cent of GNP by about 2040 and stay thereafter at 2.5 per cent. Assuming that policy-makers should be risk-averse (assigning higher probabilities to bad rather than good outcomes), he estimates the benefits from reducing carbon emissions would outweigh the abatement costs.

Many economists believe this much warming would cause only limited economic damage, equivalent to perhaps 1 per cent of gross national product. The World Bank, for example, is expected to play down the economic risks of warming in the World Development Report this year, which will be devoted to the environment.

At the conference, Mr Lawrence Summers, the bank's chief economist, said global warming, even on "very pessimistic assumptions", would offset "less than six months" GNP growth over the next 40 years.

It would not be "civilisation-threatening".

Mr Cline, soon to publish a book on global warming, says the conventional benchmark of a doubling of carbon dioxide levels by 2025 is misleading. "Because global warming is cumulative and irreversible, a much longer time horizon should be considered." Warning is set to continue at least until 2030.

## Cuban capture

CUBAN security forces have captured three armed "communist revolutionary terrorists" trained in the US, who had landed by dinghy on the northern Cuban coast to launch attacks, Reuters reports from Havana.

The interior ministry stated yesterday that the three, all residents in Miami, were seized during the night of December 29 after they had landed at El Jazare near Cárdenas in Matanzas province, about 90 miles east of Havana.

## THE RTZ DAVID WATT MEMORIAL PRIZE

This prize is a tribute to a man widely regarded as one of the UK's outstanding writers, thinkers and political commentators.

It was introduced in 1988, following the tragic and undignified death of David Watt, to commemorate his life and work.

To be eligible, writers must be actively engaged in writing on international and political matters for newspapers and journals, and in the English language. In the opinion of the judging panel their writing must have made an outstanding contribution towards the clarification of political issues, whether international or domestic, and the promotion of their greater understanding.

The 1992 Memorial Prize, which is £5,000, is organised, funded and administered by RTZ to whom entries should be sent.

Full details and entry forms are available from The Administrator, The David Watt Memorial Prize, RTZ Limited, 6 St. James's Square, London SW1Y 4LD. Closing date for entries and nominations is 18th March 1992.

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## WORLD TRADE NEWS

# US and EC struggle for spring accord on Gatt

By Nancy Dunn in Washington

US and EC trade officials this week have been struggling to devise a strategy for the Uruguay Round negotiations with the objective of producing a final package this spring. This would allow Congress to vote on the package before the November presidential election.

The warning was delivered by Mr William Cline, a senior fellow at the Institute for International Economics, a Washington think-tank, at the annual meeting of the American Economics Association in New Orleans last weekend.

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Warning is set to continue at least until 2030.

# Japan's car parts makers pose no threat to Europe, says study

By John Griffiths

JAPAN'S car makers are discouraging Japanese component manufacturers from setting up in Europe "as a matter of policy", according to a new study of the European motor components sector by the Economist Intelligence Unit.

As a consequence, the prospect of an influx of Japanese components groups seriously threatening the welfare of Europe's indigenous components industry - as happened in the case of the US - can be "largely discounted", the report concludes.

Even in the absence of a Japanese threat, however, the West European components industry will be subject to further "drastic" restructuring in the near future, with a spate of acquisitions and mergers as vehicle makers come to rely increasingly on suppliers with a global capability, the report warns.

It earmarks south-east Asia and the Pacific rim as providing the greatest growth opportunities in vehicle and compo-

Manufacturer	1986	1988	% change
Bosch	10.76	7.81	+ 41.4
Michelin	10.51	8.07	+ 27.8
Philips	4.79	3.79	+ 26.4
Continental	4.86	1.77	+ 163.3
Valeo	3.94	2.05	+ 91.3
Magneti Marelli	3.57	2.04	+ 55.2
ZF	3.11	1.94	+ 60.3
BASF	3.09	1.87	+ 55.0
GKN	2.75	1.80	+ 52.8
Pirelli	2.62	2.90	- 9.7
Lucas	2.45	1.99	+ 23.1

Source: EIU company data

nents manufacture, and says that "it is now essential for European companies to establish bridgeheads in these regions" if business is not to be lost irrevocably, overwhelmingly to the Japanese.

Between them, western Europe's component makers have the chance to dominate the motor industry's rebirth in Eastern Europe, the report concludes.

So far, however, it identifies

groups have replied to Mrs Hills' request for suggestions on improvements to the Dunkel paper. The MTN Coalition, a group of companies in favour of the round, yesterday released a statement calling the Dunkel paper "a basis for continuing intensive negotiations." It urged Mrs Hills and the Bush Administration "to continue the administration's relentless pursuit of a broad-based strong agreement."

The US difficulty is as much with agriculture as it is with the other sectors. The assumption in Washington has always been that the US would have to make concessions on the protected farm sectors and territories in order to get the strong rules business groups want for intellectual property rights, services, investment, and market access. Many companies see the Dunkel paper as flawed and the developing countries as having gained too much.

With the US recession continuing, neither Congress nor its business constituents are keen to support yielding of US trade sovereignty. But business



Anthony McDermott

# UK signs £500m accord for Kuwait export credits

BRITAIN yesterday signed an agreement making available £500m in export credits for Kuwait, writes Anthony McDermott.

The medium-term credit, signed yesterday by Mr Tim Sainsbury, UK trade minister (left), and Mr Abdullah al-Gabandi, the managing-director of the Kuwait Investment Authority, is to be managed by the Export Credits Guarantee Department (ECGD), and should provide welcome backing for UK companies in winning contracts for the \$20bn (£10.7bn) effort to rebuild Kuwait after Iraq's invasion in 1990.

Since Kuwait's liberation last February, UK companies have won deals worth £100m (£53m) in 1991 to sell 32 civilian aircraft to 11 countries and areas, the China News Service said. Reuter reports from Hong Kong.

On returning from a visit to Kuwait last November, Mr Sainsbury said that while building contracts were not as substantial as first thought, many re-supplying orders were available in telecommunications, electronic equipment and vehicles. This re-stocking could take three to five years. Financing should not be a problem with Kuwaiti oil production reaching pre-invasion levels of 1.5m barrels a day by the end of this year.

# China threatens retaliation if US imposes trade sanctions

By Yvonne Preston in Beijing

CHINA yesterday warned the US it would impose retaliatory duties on US imports worth \$1.5bn if agreement cannot be reached on the protection of US intellectual property.

It has set a deadline of January 26, extended from the eve of the sixth and final round of trade talks between the two countries on the protection of copyright and patents, due to open in Washington tomorrow.

The talks are scheduled to last two days.

The US has announced it will impose tariffs of up to 100

# Airbus orders show sharp fall

AIRBUS INDUSTRIE said aircraft orders fell to around 100 in 1991, well below 1990's 404 and the group's earlier 1991 forecast of 145. Reuter reports from Paris.

An Airbus spokesman also said the group delivered slightly fewer than the 170 jets it forecast for 1991. It delivered only 95 aircraft in 1990 because of a strike at one of its partners.

All of the civil aircraft makers expected orders to plunge in 1991 because of losses suffered by most world airlines and a natural pause after the buying binge in the late 1980s.

The aircraft have been hit by economic downturns in the US and much of western Europe and by the Gulf crisis of late 1990 and early 1991, which slashed world airline traffic.

Airbus is a consortium made up of France's Aérospatiale, British Aerospace, Iberia, Construcciones Aeronáuticas of Spain and the Deutsche Airbus unit of Germany's Daimler-Benz.

It booked a record 421 orders in 1990.

• China signed contracts worth \$100m (£53m) in 1991 to sell 32 civilian aircraft to 11 countries and areas, the China News Service said. Reuter reports from Hong Kong.

• Iran is ready to return six Kuwaiti aircraft flown to safety by Iraq during the Gulf War last year. Mr Assad Kotait, the head of the UN aviation authority has said. Reuter reports from Nicosia.

# Going Dutch in heart of Brazil

THE town, with its small bungalows set on clipped lawns and its ruddy-faced, blue-eyed residents on their bicycles typical of a Dutch flower-producing region, exporting its blooms all over the world. Except that it is in the heartland of Brazil.

Founded after the Second World War when Brazil was open to large numbers of immigrants, the town of Holambra, in São Paulo state, Brazil's economic hub, has overcome countless adversities to become Brazil's biggest flower producer with exports of more than \$2m a year. Its rose and gladioli bulbs and seedlings are sold mainly to Europe, including the Netherlands.

Largely due to the efforts of Holambra's growers Brazil's total floral exports rose from \$3m in 1987 to more than \$30m last year.

Holambra's first arrivals in April 1948 found the land - bought by the American and Dutch governments - "was nothing but jungle inhabited by wolves and jaguars", says 77-year-old Mr Wim Weil.

In June 1948 the Holambra co-operative was created and its 5,000 hectares divided into lots. Many of the immigrants had been flower growers but it seemed hopeless to try to grow flowers in such heat for such a large country and no tradition of flower buying.

Mr Weil says: "The first 10 years were really hard. We had to construct a city and we had no idea what would grow."

The photo museum he now runs charts their not always successful efforts at growing rice, beans, peanuts, oranges, corn, soya and cotton and raising pigs and chickens. Cows sent out from time to time by the Dutch government died of tropical diseases.

Many settlers left for other parts of Brazil or went back to the Netherlands and the co-operative was on the verge of bankruptcy in the early 1960s. It was bailed out by the Dutch government which provided credit that allowed them to buy a truck they needed badly.

Holambra turned to flower-growing with the arrival in 1961 of Mr Henricus Schoemaker, who brought with him three generations of expertise and technology, setting up protected houses in which seedlings could be nurtured. His son Cornelius says: "It was a real struggle as there was no market. In the Netherlands every house has a vase of fresh flowers but here people used money to buy food not flowers.

# Weekend FT

You obviously know "how to make it" - you're reading the weekday FT.

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All this and our weekend has barely begun. Order your copy of the Weekend FT from your newsagent this Saturday and join us.

Every Weekend

## UK NEWS

## UK jobless total third worse in EC, says Labour

By Alison Smith and David Goodhart

THE opposition Labour party yesterday underlined its intention to put unemployment at the heart of the election campaign by releasing a leaked Department of Employment briefing paper which shows that, when calculated on the same basis as other countries, Britain now has the third highest unemployment in the EC, behind Spain and Ireland.

As Labour launched its package of measures to strengthen the economy in the longer term, Mr Tony Blair, the party's employment secretary, said the paper showed that the rise in job vacancies, which Mr John Major had implied in the House of Commons was a positive economic sign, seemed to be "associated with a reduction in recruitment activity".

It acknowledged that the number of new vacancies notified to Jobcentres fell for the first time since August, while the number of people placed into jobs by the employment service also fell - the largest fall in placings since June.

Mr Blair said the paper also showed that the rate of increase in unemployment in Britain in the last year was

## Opposition launches plans to revive industry

By Alison Smith

THE political row about the prospects for the economy took a fresh turn yesterday as the Labour opposition launched its package of measures to revive British industry.

At the start of an intensive campaign on the theme of "Made in Britain", Mr Neil Kinnock, the Labour leader, unveiled a strategy founded on Labour's belief that economic recovery must be investment-led rather than consumer-led.

Among the measures proposed is a cash-limited fund

for investment in small and medium-sized manufacturing firms, to last for six months, and new steps to promote exports. These would include creating an integrated export service, and launching regional export drives.

The paper setting out the strategy also brings together policies such as enhanced first year capital allowances for manufacturing investment and improvements in skills training, to which the party has been committed for some time.

It will form the basis of intensive campaigning in the

regions by the opposition economic team for the next two to three weeks, and was the theme of last night's party political broadcast on national television featuring Mr David Puttnam, the film director.

Joined by Labour's team of economic spokesmen Mr Kinnock condemned the government for seeing competition

"only in terms of going down-market to low-tech, low-skill goods and services. That is not the way for Britain to succeed."

Mr Kinnock brushed aside

"bring economic chaos". Labour needed a recovery package for its credibility, he claimed, as he and other senior ministers, including Mr Michael Heseltine, the environment secretary, rehearsed the Tory attack on Labour's tax plans. Mr Patten added that the reference in Mr Smith's paper to a costing of Labour's spending programme at £35bn showed that Labour's own estimate tallied with the government's figures. Labour said the figure referred to the Tories' costings exercise

of the 1987 election.

Mr Kinnock said, a personal paper written two years ago for discussion, and had not even been seen by members of the economic

team by Mr Chris Smith, an opposition Treasury spokesman which raised questions about the possibility of a luxury rate of value added tax and whether cuts in defence spending could be the North Sea oil of the 1990s.

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## British Gas faces inquiry on monopoly

By Deborah Hargreaves

BRITISH GAS could face an investigation by the Monopolies and Mergers Commission unless it removes the conditions it has attached to its agreement last month to halve its share of the industrial gas market by 1995.

The utility company has until tomorrow to make its position clear to the Office of Fair Trading.

British Gas says it has agreed to certain proposals by the OFT which included dividing its pipeline division into a separate company as well as cutting its industrial gas market share from 50 per cent to 40 per cent.

British Gas stressed that the company's agreement depended on being able to raise domestic prices. This would require adjustments to a tough new pricing formula agreed between British Gas and its regulator, Ofgas. The industry regulator, indicated there was no link at all between the company's agreements on the industrial market and its domestic pricing commitments.

British Gas insists on linking the issues the OFT will have no choice but to refer it to the MMC which has indicated privately that it is preparing for a swift review of the gas industry.

## Lamont rejects calls for fiscal boost to economy

By Emma Tucker, Economics Staff

MR NORMAN Lamont, the chancellor of the exchequer, yesterday held out the prospect of a cautious budget, rejecting pleas from the Trades Union Congress (TUC) and the Confederation of British Industry (CBI) for immediate fiscal boosts to the economy.

Nevertheless, with unemployment levels set to continue rising in the coming months, the issue will remain a sensitive one for the Tories even when other economic indicators are more encouraging. To counter this, there will be

newer warnings from Mr Howard about the effect of Labour's policies on jobs.

official, quoted the chancellor as saying: "The budget should be balanced in the medium term over the cycle as a whole and we should not start the recovery by getting the budget wrong."

Mr John Edmonds, general secretary of the GMB general union said the chancellor's position was in opposition to the TUC and the CBI who, for the first time in a number of years, were in broad agreement over a package of measures to help economic recovery.

These included more funds for the Training and Enterprise Councils, tax concessions as an

incentive for companies to invest, and bringing forward government spending on transport infrastructure.

The CBI said its proposals could be implemented in the short term without being detrimental to the long term.

Mr Lamont agreed there was a need for corporate and public investment but stressed that the medium term objective of the government had to be to bring control of public spending and a balanced budget.

He added that the government's policies would not have been different had its forecasts on the economy's performance

been more accurate. Mr Robin Leigh-Pemberton, governor of the Bank of England, who also attended the meeting, stressed the need for a "nine year recovery" rather than a two year boom that had to be stopped. It was important for the next expansion to occur against a background of stable prices, exchange rates and interest rates.

Despite uncertainty over how to bring about economic recovery, there was agreement that Britain should stay in the ERM with the pound pegged at its current level.

• A blueprint for increasing

the use of modern manufacturing techniques, skills and training in the engineering sector has been endorsed by the National Economic Development Council, writes Andrew Baxter. It is the sector's more

deep-seated problems, many of which have been exacerbated by the recession. The scheme aims to bring the industry, its associations and the government together to increase awareness throughout the main supply chains of the need for increased skills at all levels, and new manufacturing techniques.

## Architects more optimistic

By

John

Architects are becoming a little more optimistic about an increase in workloads for the first time since October 1990.

According to a publication by the Royal Institute of British Architects and Garmarque Communications, more architects expect an increase in workloads in 1992 than expect a fall. Only architects in the south of England expect workloads to fall further in the next six months. The most optimistic are in Scotland. Over the past 12 months 41 per cent of new commissions and 36 per cent of projects which have reached the production drawing stage have been abandoned or postponed.

## Japanese banks outside London

Japanese banks in the UK are increasingly behaving like other foreign and British banks in the country, according to a research presented to the Institute of British Geographers. By last year there were nine Japanese banks located outside London with 26 employees, compared with 33 in London - the second largest concentration of overseas banks following the US. The banks moved into the regions in response to lower rents, a desire to make contact with customers outside London, and to follow the growing importance of regional centres with a strong banking presence. The banks typically said that 50 per cent of their loans went to Japanese businesses.

## Workers stress levels measured

Job stress is at least as high among blue-collar workers as it is among executives, the annual occupational psychology conference of the British Psychological Society has been told. An extensive study of stress and sickness absence among both managers and shopfloor workers at the Edinburgh-based Scottish and Newcastle Breweries proved that job stress was not just a "bosses' disease", said researchers from the University of Manchester Institute of Science and Technology.

## Chemicals to rise 2% in 1992

UK chemicals manufacturing will grow by 2 per cent during 1992 this year but investment will continue to decline sharply, falling 6 per cent compared with 15 per cent last year, said Mr Richard Freeman, ICI's chief economist. An improvement in output would come after a stagnation in 1991 and, with most of the growth expected in the second half of the year, is in line with forecasts for much of the rest of UK manufacturing. Demand for chemicals will rise a little faster than GDP, accompanied by a 3 per cent growth in imports, compared with one per cent in 1991. Export growth would slow slightly from 3 per cent to 2 per cent, said Mr Freeman, at the annual business outlook conference of the UK Chemical Industries Association. The UK's performance will be in line with that of the chemicals industry in the rest of Europe, in spite of a halving of demand for chemicals products in Germany.

## Food retailer offers new contracts on seven-day working

By Lisa Wood, Labour Staff

CONTRACTS that make Sunday part of the normal working week are to be offered by J. Sainsbury, the largest UK food retailer, in spite of union opposition.

Udaw, the shopworkers' union, predicted yesterday that other companies would follow - and that there would be a price war on wages in supermarkets as well as on goods. It called on the government to punish retail groups that breached the 1980 Shops Act.

Sainsbury stressed that the contracts were optional and that Sunday working in its stores would remain voluntary. It said existing double-time payments for Sunday working would continue "for the time being", but were under review. The company added that staff who worked on Sundays would always receive a "very significant" extra payment.

But Udaw feared that Sainsbury was trying to follow the example of Woolworth. The union explained that all Woolworth employees taken on since April had been given contracts defining Sunday as a normal working day which did not attract overtime payments.

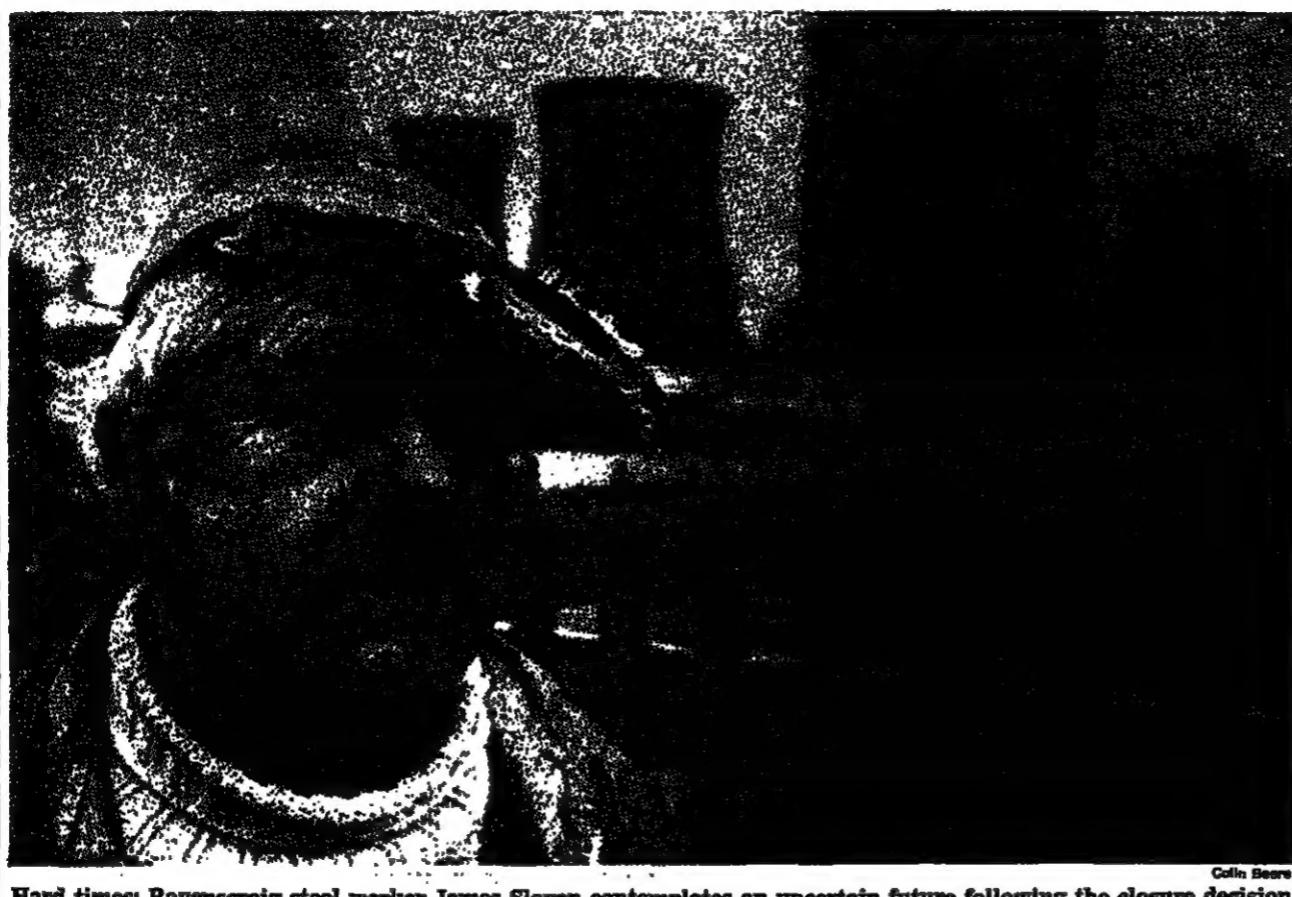
Woolworth workers employed since April are paid time-and-a-half for Sundays. If they work 38 hours during the rest of the week, Workers who were with the company before April are paid double-time for Sundays, irrespective of which other days they work or whether they work Sundays within a 38-hour week.

Woolworth said its workers were paid according to contracts which, as in most companies, varied according to job and length of service. It added that many of its workers "are interested in Sunday work".

Mr Garfield Davies, Udaw general secretary, doubted whether the revised Sainsbury system would be voluntary. "Staff will feel that their jobs are at risk and prospects of promotion impaired if they refuse to work on a Sunday," he said.

It has been argued that only volunteers will be requested to work, but anyone knowing the retail sector will know that there are an enormous number of pressures, inducements and coercions that can be made to increase the level of fear and insecurity among staff."

He had no doubt that other retailers would be unable to ignore developments by Sainsbury. Tesco, for example, has negotiated an agreement with Udaw for double-time payments for Sunday working.



Hard times: Ravenscraig steel worker James Slaven contemplates an uncertain future following the closure decision

## Ravenscraig seeks life after steel

History shows that investment can save towns from economic death after mill closures, Anthony Moreton and Stewart Dalby report

PEOPLE in Lancashire may be shellshocked by yesterday's announcement of the closure of Ravenscraig, but they can take heart from the fact that towns in England and Wales have proved that there is life after

The most recent large closure announced in May 1990, was the United Engineering Steels Brymbo steelworks in north Wales, throwing 1,125 people out of work.

On the day of the announcement, Dr Gwyn Jones, chairman of the Welsh Development Agency, received a priority call from Mr David Hunt, the Welsh Secretary. He asked Dr Jones to lead a search to find a buyer for the plant.

In the next eight weeks a small team sifted through all the companies around the world with steel interests that had inquired about investing in Wales, wrote to almost 200 and called on the agency's offices in Japan, South Korea, Taiwan and the US to make an input.

The result was that six companies visited either Cardiff or Brymbo itself and at least two came near to talking turkey.

Eventual failure had more to do with United Engineering's unwillingness to sell the plant and its equipment to a competitor at a time of surplus capacity around the world.

Two decades ago, steel production in Wales - today that figure is 16,400. In addition to Brymbo, steelmaking at Cardiff, Llanelli, Ebbw Vale and Shotton in north Wales has ended, while employment has been severely cut at both Port Talbot and Llanwern in Newport.

The response of the government and the WDA differed according to the circumstances of the times. After British Steel's closure of the East Moors works in Cardiff in the early 1980s, the government immediately put some £42m into an advance-factory building programme.

Around £4m was made available to the then new town of Cwmbran to develop an industrial estate after Llanwern was hit by job losses.

At Shotton where 8,000 lost their jobs overnight in 1979, the largest single plant closure in Europe in 35 years, the Deeside industrial park is now home to tenants including Toyota's £150m engine works, Kimberley-Clark, United Paper Mills, and Optical Fibres, and almost as many jobs have been stayed and survived.

Consett is a similar story. This town of 24,000 in County Durham close to Newcastle was a "one industry town" based on steel. When the integrated works began to close over 1979-80, some 3,500 people were employed, down from 7,000 in the early 1970s. Unemployment peaked at 28 per cent in 1988.

Mr Phil Head, chief executive of the WDA, says large government resources were put into alleviating the situation after the run-downs. "Our budgets at the time were significantly increased. Most of the new money went towards

the development of industrial sites and new factories."

One of the most spectacular turnarounds was in Corby, Northamptonshire, which in 1979 had one of the largest integrated steelworks in Europe, employing 14,000 directly and indirectly in a town of 32,000.

The steel mill was closed over 1990. The tube mill lived on employing 7,000 at first, but gradually running down to its current level of 2,000.

Mr Duncan Hall, former chief executive of Corby district council at the time of the closures, says unemployment in the town was 35.7 per cent by 1990, the highest in the UK outside Northern Ireland.

By 1991 we had got it down to 3.9 per cent. Unemployment is back up to 7.9 per cent but over 400 companies have been drawn in, most of which have stayed and survived.

Consett is a similar story.

Investment is now back to 14 per cent having dipped into single figures in the '80s.

But the 190 companies, foreign and British which have relocated or established themselves in Derwentside (which includes Stanley, the coal town, as well as Consett) have all stayed. Some 5,000 jobs more than were employed in steel have been created.

Mr Eddie Hutchinson of the Derwentside Industrial Development Agency says: "I do not know of one single company which has moved out."

To attract them in there has been government assistance on the infrastructure - particularly roads - assistance that was suggested by the European Regional Development Fund.

Both areas were designated full assisted areas and companies were therefore eligible for regional development grants, which have been scaled down to regional selective assistance. There has been substantial aid available from British Steel Industry, set up in the 1970s to help new concerns in old steel areas, and in some cases from British Coal. Specialised agencies like English Estates have built cheap factories.

There have also been loans to the European Steel and Coal Community Fund.

Tory election hopes in Scotland, Page 10; Leader, Page 19; Lex, Page 12

recognised the problems large consumers faced. Large consumers should return to subsidise coal through the electricity price, and should be vigilant about the nuclear levy, which they should add 11 per cent to their bills. They should watch how much they are charged by the regional electricity companies, since rates of return in this business were far higher than anything the generators earned.

They should also press for cuts in metering charges, which form a big chunk of their bill, Mr Baker said.

## Rise in HP to buy used cars

The number of used cars bought on hire purchase (HP) - almost wholly by private motorists - rose by more than 9 per cent last month compared with December 1990. The recovery, after a prolonged drop during the autumn, lifted total credit purchases of used cars reported to HPI, the credit information agency, last year to £17,116 - a 14 per cent increase on 1990. Sales on new car credit sales last year, to be published later this month, are expected to show a sharper reduction than the new car market itself, reflecting a smaller share of total new car sales accounted for by private motorists.

## NHS care more than just beds

The hospital bed is declining in importance as the central component of state patient care, the Audit Commission has said.

Until recently, it says, the status of most hospital consultants was judged by the number of beds they controlled. But improvements in primary and community services and technological advances were reducing the bed to just one of several resources used to provide integrated health care.

The declining number of hospital beds is frequently quoted in political exchanges over the NHS's own state of health and the government - which prefers a productivity-type measurement based on patients treated per available bed - welcomed the report.

## Courts found guilty of handing out rough justice

By Andrew Jack in Swansea

## Electric vehicles gain momentum

By John Griffiths

A prototype of the electric car that BMW intends to sell in the US in the second half of the 1990s is on display at the Los Angeles motor show which opened to the public this week.

It represents one of several developments on the electric car front in the past few weeks, with more manufacturers indicating their interest in commercial production of such vehicles despite their formidable cost and performance disadvantages compared with petrol or diesel cars.

They are being spurred by the accelerating momentum in North America towards wide adoption of California's clean air standards. These require that from 1998 zero emissions vehicles (Zevs) in other words electric ones, make up 2 per cent of the sales of every manufacturer selling more than 35,000 cars in the state, rising to at least 10 per cent of annual sales from 2003.

Manufacturers which do not comply will be barred from selling any cars in the state.

In California alone, this means a forecast of 85,000 Zev sales in 1998, rising to more than 150,000 a year from 2003. However, a further 12 states, plus Washington DC, have now indicated their intention to adopt the California standards, which would mean 110,000 Zev sales in 1998 and more than 500,000 in 2003.

Despite the fact that General Motors is already preparing a plant to produce the Impact, which GM intends to be the first electric car in volume production, GM, Ford and Chrysler collectively insist that other states do not have California's

air pollution problems. But along with European and Japanese manufacturers seeking to maintain a presence in North America, they want vehicles ready to put on the market if California's standards spread throughout North America and into Europe.

In the past few weeks Fiat has indicated its intention to produce an electric version of the Cinquecento, its new small car, and Citroën of France has unveiled a prototype electric town car, the Céleste.

Earlier this week Ford said that within a year it would have a fleet of 80 Ford Ecostar electric vans running commercial trials in several US and European cities some.

The BMW at Los Angeles, designated E2, strongly resembles an earlier prototype, E1, unveiled at the Frankfurt motor show in September.

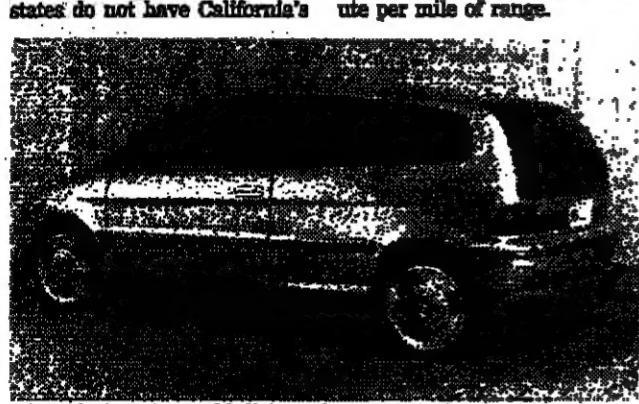
However, it has been

"stretched" to accommodate a bigger battery pack for long distances and to provide extra interior room for the Californiaans who initially will buy it.

Styled by Los Angeles-based Designworks, of which BMW is part owner, the E2 is claimed by BMW to have a maximum range of 267 miles, acceleration to 50mph in 15.6 seconds and a top speed of 75mph.

The batteries are high-energy sodium-sulphur. Problems include an eight-hour recharging time and a battery cost of around DM40,000 (£14,000).

Citroën's model, the Céleste, is a city car with a recyclable body. Citroën claims a range of up to 150 miles, a top speed of up to 70mph, and a quick recharge facility - of one minute per mile of range.



BMW's E2 prototype is headed for California

## BUSINESS LAW

## The drive to greater efficiency

By James Wheaton and Graham Smith

HOWLS OF anguish often greet the announcement of the award of a government contract. If it goes to foreign competition, British industry claims it is being put at risk. If it goes to a British company, foreign competitors claim it increases the cost to the British taxpayer.

The most spectacular instances usually occur in the defence sector. Recent examples include the award to Vickers of the contract for the Army's main battle tank, the Challenger II, against strong US competition, and the success of the IBM-Westland consortium for the Navy's Merlin Helicopter over GEC and British Aerospace.

Up to now, companies seeking government business have waited until ministers, civil servants and MPs, and tried to get their case well-argued in a pre-tender. But apart from looking at the first part in the invitations to tender and the contract, their lawyers have been able to offer little assistance.

This has now changed. The EC Public Procurement Directives have been given real teeth in the UK. Companies which can show that rules in the Directives have been broken can now go to the High Court and ask for an injunction to stop the contract being awarded. If the contract has already been awarded, they can claim damages.

This is the effect of two Statutory Instruments. The Public Works Contracts Regulations 1991 and the Public Supply Contracts Regulations 1991, which came into force on December 21 last year.

The main reason for the EC Directives is the long-standing concern of the European Commission in Brussels about national governments buying national.

Public sector procurement expenditure in the EC is enormous, amounting to about 15 per cent of the sum of the EC countries' GDP. Only a tiny fraction has been awarded by national public sector purchasers to companies from other EC countries. One estimate is that every consumer in the EC would be £215 better off every year if open procurement rules were followed by the utilities - water, energy, transport and telecommunications - alone.

But there are other reasons for the Directives apart from helping to create the single market. The EC Commission argues that open competition would lead to greater efficiency, cut costs and improve the international competitive-ness of EC industries.

The policy of the UK government is to support the directives. Speaking in June on competition policy as the main incentive to efficiency, Mr Peter Lilley, trade and industry secretary, warned: "We will not see the benefits from the single market programme until we dismantle restrictive national purchasing policies."

The US has had legislation to compel competition in government contracting for many years and "bid protest litigation" is common in America. Contractors can protest to a number of tribunals, including the General Accounting Office, and the General Services Board of Contract Appeals, which have to render decisions in no more than 90 and 45 working days respectively.

Minor contracts are

excluded. The rules do not apply to contracts for public works with an estimated value of less than £50m, or to supply contracts below £200,000 (there is a lower threshold for those central government purchasing authorities which are subject to the Gatt Agreement on Government Procurement).

The rules do not apply only to central government departments, but also to many other public bodies such as local authorities, police, fire, education and health authorities. From January 1, 1993, the rules will be extended in most EC member states to the utilities.

Even though companies operating in these sectors may not be state owned, they will still be caught if they operate on the basis of "special or exclusive rights". The rules will therefore apply, for example, to the UK electricity companies, water companies, British Gas, BAA, British Telecom, Mercury and Racal Vodafone.

Contracts must be publicly advertised in the EC "Official Journal". Large purchasers will have to give advance notice of their purchasing plans for a year ahead. Discriminatory technical specifications are prohibited.

Rules are laid down for contract award procedures. Preference is given to "open procedures" whereby all interested suppliers can tender, and there

are limits on the use which contracting authorities can make of "restricted procedures" (whereby only those invited by the authority may submit tenders) and "negotiated procedures" (whereby the authority negotiates only with the contractors or suppliers of its choice).

Contracts must be awarded either to the offer with the lowest price or to the offer which is "the most economically advantageous" to the contracting authority; the authority must select at the outset which basic it will use. Criteria for determining "the most economically advantageous" offer are laid down.

Contracting authorities must give information about contract awards including, in some cases, reasons for rejecting unsuccessful tenders.

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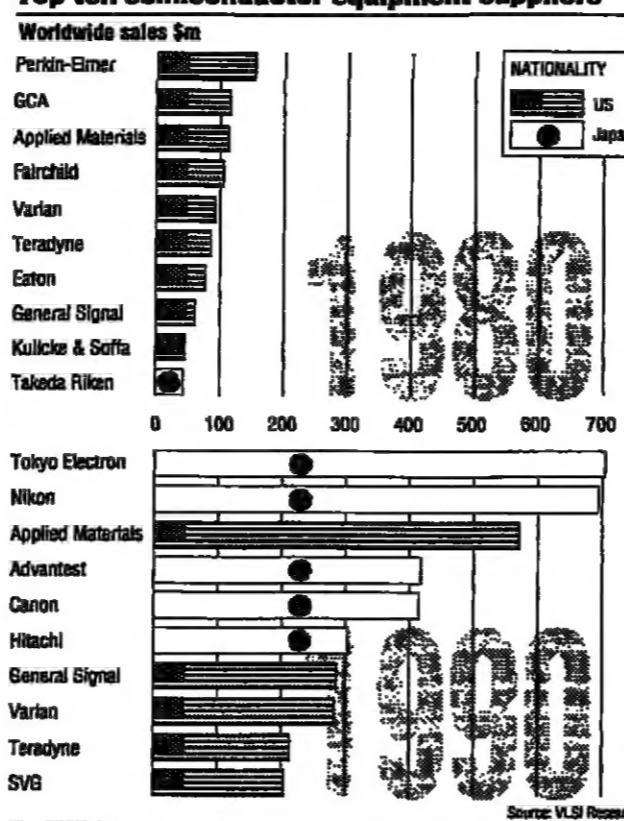
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## TECHNOLOGY

Louise Kehoe assesses Sematech's ambitious five-year plan

## Growing pains

### Top ten semiconductor equipment suppliers



relationships between US chip makers and production equipment suppliers - from adversaries to partners.

Sematech cannot prove that it is responsible for an improvement in the competitiveness of the US chip industry, or of US production equipment suppliers. While both segments of the industry have achieved some success in world markets, these results can be explained by external factors.

US chip makers, for example, reversed their declining share of the world semiconductor market in 1991. This is largely explained, however, by a sharp decline in the price of memory chips made in Japan. Similarly, some US semiconductor equipment producers have increased their foreign sales, but might well have done so without Sematech's support.

Under pressure to establish

its value in order to obtain continued funding, Sematech may be "sugar coating" its record-glossing over the difficulties of maintaining a consensus among companies with differing goals and expectations.

Sematech might do better to admit that it is only now getting into its stride. Although the industry group was incorporated in August 1987 it was almost another year before the appointment of Robert Noyce as chief executive.

Only in early 1989 did Sematech begin operation of its prototype chip plant in Austin. After a significant re-evaluation of the direction of Sematech, it began to take shape in the second half of 1989 but was still beset by concerns over funding and its ability to meet its original goals.

The sudden death of Noyce in mid-1990 left Sematech bereft of a leader. William Spencer, the current chief executive, has had only one year at the helm. Thus while Sematech is being judged as a five-year-old it is really little more than a toddler, still wobbly on its feet but determined to prove its abilities.

Sematech's plans for the next five years are just as ambitious as those mapped out for its first. They include the development of computer-integrated manufacturing software for automated chip plants and new emphasis on flexible manufacturing.

Sematech aims to accelerate the development of new generations of semiconductor technology by 25 per cent. "Sematech's proposals are without precedent," Spencer claims, "but five years ago Sematech was without precedent."

## Breast implant ban would cost £400m

By Clive Cookson

If the US Food and Drug Administration converts its moratorium on the use of silicone breast implants to a permanent ban, it will destroy a medical industry with a worldwide turnover estimated at £500m a year.

Breast enlargement and reconstruction is one of the largest categories of cosmetic surgery. In the US at least 10,000 women a month receive breast implants - about 80 per cent are cosmetic operations and the remainder are to replace diseased breasts, usually after cancer.

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"I shall carry on operating for as long as I can obtain the implants," says David Sharpe, consultant plastic surgeon at St Luke's Hospital, Bradford. He still has stocks of American implants and if they cannot be replenished he hopes to get replacements from Europe.

Plastic surgeons now favour implants with a "textured" silicone surface which are less liable to cause capsular contraction than the original smooth surface.

As an alternative to an artificial implant, it is possible to enlarge the breasts of some patients by transplanting fat and muscle from their own buttocks or abdomen. But this is a potentially complex and hazardous operation and it could not be used on such a wide scale as silicone implants.

Whatever one's views on the merits of purely cosmetic breast enlargement (or augmentation as it is known in the trade), breast reconstruction has become a medical necessity for women forced to undergo mastectomy following cancer, Sharpe says. And the prospect of having their breasts replaced helps patients come to terms with the disease. An unfortunate side-effect of the FDA scare has been to frighten companies such as Bristol-Myers out of implant manufacturing, instead of developing new and safer devices.

There is a limited amount of exhibition space available at the conferences.

IFT

TWO MAJOR FT INTERNATIONAL CONFERENCES

## CABLE TELEVISION & SATELLITE BROADCASTING

London, 17 & 18 February, 1992

This Financial Times annual conference will review the international world of broadcasting and the media - a growth industry for the 1990s; the fallout from the competitive tenders for ITV franchises and the new business opportunities that will arise.

Speakers include:

**Mr David Glencross**  
Independent Television Commission

**Mr Jean Grenier**  
Eutelsat

**Mr Yegor Yakovlev**  
State Company for Television and Radio Broadcasting, USSR

**Mr Michael Checkland**  
BBC

**Mr Michael Grade**  
Channel Four Television Company Limited

**Mr Jean Dondelinger**  
EEC

**Mr Terry Seddon**  
Asia Satellite Telecommunications Co Ltd

**Mr Gérard Le Febvre**  
CLT Multi Media

**Mr Leslie Hill**  
Central Independent Television plc

**Mr Christopher Rowley**  
FiveTV Limited

## TELEVISION OF TOMORROW

London, 19 February, 1992

This one-day conference will review television systems of the future including prospects for all-digital HDTV; the global standards debate, the pros and cons of different systems.

Speakers include:

**Dr Joan Majó**  
EEC

**Dr Takashi Fujio**  
Matsushita Electric Industrial Co, Ltd

**Mr Andrew Lippman**  
MIT

**Dr Peter J. Groenboom**  
Philips Consumer Electronics

**Dr Joseph Flaherty**  
CBS

**Dr Michael Windram**  
National Transcommunications Ltd

## TWO FINANCIAL TIMES CONFERENCES

## MANAGEMENT: Marketing and Advertising

**C**hateau Latour is one of the ultimate brands, says Michael Jackaman, chairman of Allied-Lyons, the UK drinks and food group, which owns the Bordeaux *premier cru*.

"For 300 years, Latour has been a benchmark of quality. Its reputation enhances our entire drinks portfolio. It spells out Allied's long-term commitment to international premium brands. It is the jewel in the crown."

It was for its prestige rather than its profitability that Allied acquired Latour in 1988, paying £50m to add the 53 per cent shareholding of Pearson publishers of the Financial Times, to the 25 per cent it already owned. It has since increased its stake to 55 per cent.

Jackaman admits that such an investment would have been difficult to justify on a more basic calculation of return on capital. Despite the fact that a dozen bottles of Latour's 1981 vintage would fetch about £5,000, the Médoc estate - whose value has now risen to about £160m - makes annual profits of only £5m.

The prime objective in managing the brand, therefore, is to maintain and improve its reputation for excellence; to ensure that it retains its place alongside. If not ahead of, its rival first-growths, Château Lafite, Château Margaux, and Château Haut-Brion.

Financial returns are readily sacrificed to maintain the quality of the wine, says David Orr, director of the estate, who previously ran Allied's fine wine

business in the US.

Grapes for the *grand vin* come only from vines grown in the 100 acres of gravelly soil that comprises the original 700-years-old estate overlooking the Gironde. This is the *terroir* - the French word that encompasses the area's soil, sub-soil, drainage aspect and micro-climate - which gives the wine its singular, slow-maturing savor.

Only the grapes from vines that are more than 10 years old are used and fruiting is restrained to improve quality by severe pruning and by thinning the bunches of green grapes in July.

Selective picking at harvest

time ensures that any grapes judged unfit for the *grand vin* are used with fruit from younger vines and those in the outlying areas of the estate to make a second wine, Les Forts de Latour, and sometimes a third, classed simply as Pauliac. Les Forts fetches half the price of the *grand vin* and Pauliac, half the price of Les Forts. Rigorous control of quality continues during fermentation - in the first stainless steel vats to be used in the Médoc - and afterwards in the blending. The result is that, even in the best of years, Latour produces no more than 20,000 cases of *grand vin*.

The wine is sold in the year after the vintage while it is beginning its maturation in new barrels of French oak. "It

is like selling a future," says Orr. "The wine will not be ready for drinking for 20 years. For the buyers, it represents

an enormous act of faith." The price at which it is offered takes account of the quality of the vintage and economic conditions, particularly in the main markets, the UK and US. The 1990 vintage was offered last year at £22-25 a bottle.

"We try to lead the market in a responsible way," Orr says. "The health of the entire Bordeaux business is important to us."

There is no difficulty in finding the buyers. The spread of international markets, from Australia to Japan, helps to offset any problems in any one country.

"The key for a first growth," says Orr, "is not in selling but in selling well."

Allied has only limited control over marketing and distribution because of the French government's concern that it should not bypass the long-established channels through Bordeaux merchants.

But it has modified the process. It retains 15-20 per cent of the vintage each year, building stocks that can be sold in years, say, when frost cuts production, as in 1981.

The wine is sold to only half of the 120 Bordeaux *agenciers*; the amounts allotted to individual merchants are limited; and the chateau sells direct to a number of wine importers.

"We are very conscious of Latour's historical heritage," Orr declares. "It is the product of centuries of intensive cultivation and it is our task, as the latest in a long line of wine-makers, to ensure that it passes to the next generation with some vigour. The wine

has to be seen in the right places - the best restaurants, London clubs," Orr says. "It is sold direct to the Palace and the British embassy in Paris and was served at the recent G7 dinner for Mikhail Gorbachev in London.

One annual tasting is arranged in Britain each year, and last year 324 magnums of vintages ranging from 1961 to 1988, worth \$250,000, were tastefully presented at a New York gathering of wine buffs.

"It is important to talk to the top wine merchants," said importers, to wine writers and collectors," Orr says. "There are perhaps 50 to 75 collectors around the world; a network of connoisseurs which monitors the progress of first growths as closely as others follow stocks and shares, but who buy the best wines to drink and not as an investment."

"It is a very small world but its opinions are vital to the wider perception of Latour."

An almost obsessive attention to detail - from the alignment of the chateau's tower symbol on the cork with that on the label of each bottle, to the arrangement of flowers in the chateau itself - goes into ensuring that nothing detracts from that perception.

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Chateau Latour: "spells out Allied's long-term commitment to international brands. It is the jewel in the crown"

## Rules posted for the junk mail merchants

Gary Mead investigates a new code of practice which aims to bring the cowboys to heel

**A** code of Advertising Standards Authority (ASA) has extended its reach into one of the fastest growing areas of advertising, that of direct marketing, one of the industry's most important, most heavily criticised and least understood areas.

Advertising expenditure on direct mail - the cornerstone of direct marketing - grew by 25 per cent in 1990, reaching some £975m (out of a total of about £1.86bn on all forms of direct marketing in the UK) a year when other forms of advertising were static. According to Mintel, the research organisation, the turnover of the UK's top 35 direct mail agencies grew by a healthy 17 per cent in 1990.

But in the UK, direct mail has

acquired a poor image thanks to a few unscrupulous operators, particularly in holiday timeshares. Now the ASA has the power to offer redress against direct mail scams. It formally launches its new code of practice covering the industry, including list and database man-

agement,\* on January 26; the code came into force on January 1. The new rules have a scale of sanctions against infringements, ranging from loss of the volume discount offered by the Royal Mail to referral to the Office of Fair Trading.

The new regulations, devised by the direct mail committee of the Advertising Association, have the backing of the UK Direct Marketing Association (UKDMA) - umbrella organisation for the leading companies in the industry - and the Royal Mail.

Alan Biggs, chairman of Brann Direct, one of the UK's six largest direct mail agencies, believes that

"taking direct marketing under the wing of the ASA will be excellent

for both the industry and the con-

sumer. All the consumer research shows that people are happy to receive information from companies when they either know the company or how the company obtained their details. What annoys them is mail which spuriously claims an intimacy."

Consumers who do not wish to receive direct mail are best advised to have themselves listed on the Mailing Preference Service, which should ensure they are removed from the commercially available database lists.

The average UK household annually receives some 40 pieces of direct mail through its letterbox - against a US average of more than 500 items - but less than 10 per cent of that is requested by the

customer. Nevertheless, once it has arrived, 61 per cent of it is opened and read.

Yet despite its pejorative connotations - junk mail - in 1991 more than 60 per cent of the UK population either bought goods through direct mail or replied to a direct response advertisement.

That score rate, say direct marketers, means that direct mail can claim to be effective beyond other forms of advertising. They love to quote - in their favour - Lord Leverhulme's remark that "I know that half of my advertising budget is wasted. The only trouble is I don't know which half". He should have used the mail.

But while the UK adopts greater self-regulation of the direct market-

ing industry, the EC is moving in the opposite direction. According to Tony Coad of NDL, the UK database company, and public affairs spokesman for the Brussels-based European Direct Marketing Association, the current draft on data protection might cripple the industry in the UK and other member states.

Coad says that until mid-1990, the European Commission appeared to be following a pragmatic line on harmonisation of legislation concerning direct marketing. DG-13, the directorate responsible for communications, had been preparing a draft law based on the relatively relaxed recommendation adopted by the Council of Europe in October, 1988,

concerning the protection of personal data used for the purposes of direct marketing.

"Then DG-3, the directorate concerned with the single market, took over," says Coad. An all-German team in DG-3 drafted legislation closely resembling that prevailing in Germany, restricting the compilation of any personal data and thus drastically reducing the possibility for targeting consumers.

Were that to become EC law, manufacturers, financial services companies, charities, airlines and political parties could all find themselves hamstrung in their contact with the public.

Coad sees the nubile party as a

result cultural and historical differences between EC member states. "Understandably, German

society, which spends most on direct mail in Europe, is very concerned about data protection. The Stasi used to advertise for male penfriends in the west, simply to collect data. Yet Italy, the number two spender, seems to have no public demand for a data protection act. Different cultures need different forms of protection."

"Chris Patten, the Conservative party chairman, wrote to me asking for financial support. He would not be able to do that if the current EC data protection draft became law, as he would not even be able to approach me to ask if he could solicit my support," says Coad. He adds that "DG-13 now seems to be back in the frame and unscrupulously targeting the mass", but that it now looks unlikely that the draft will be ready for the European parliament's approval before the end of 1992.

"Rules for direct marketing available free from the ASA, 16 Brook House, S-18 Torrington Place, London WC1E 7EN."



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ARTS  
GUIDE

## CINEMA

# All dressed in period strait-jackets

A country with a short history makes mythology from its recent past. In American cinema, prohibition-era gangsters rear up at us as if they were hunched-backed Borges and a crumpling early-century department store can seem as romance-haunted as a castle. The films are *Billy Bathgate* and *Liebestraum*. You never saw such attempts to make 60 years ago look like 600. In *Billy Bathgate*, scripted by Tom Stoppard from E.L. Doctorow's novel about mobster Dutch Schultz, director Robert Benton lays on the peeling posters and mottled wallpaper. History is already anuding his characters as they live and speak. And in *Liebestraum*, an essay in American Gothic from Britain's Mike Figgis (*Stormy Monday, Internal Affairs*), the old high-street store in Eldershaw has seen more terror and tragedies than the Palace of Versailles under a string of Louis's.

The problem with glamorising the past is that when a film is under-energised, mythologisation becomes "museumisation". *Billy Bathgate* is like a story in a glass case. Where Doctorow's tom-de-force novel was a nervy, ironised memoir of the gangster era, narrated in a precipitous pastiche of fine writing by the boy hero who joins the Schultz gang and witnesses its terrors, Benton's film is like a costume try-out by actors waiting for a script. Worst casualty is Dustin Hoffman as Dutch. Taxed to the hilt, he struts and fruts in his period strait-jacket, seeking the key of his to a character whom his director has already locked away in a case marked

## Mythic Mobster

Scenes that horrified in the book — a concrete-shod gang member pushed to his death off a boat, a fire inspector battered to death, Billy himself given a bloody nose to camouflage the murder stains on a hotel carpet — here become picture-book pages from history. Nothing touches us least of all Loren Dean's performance as Billy, all bland generic innocence with no sense of shocked individuality or scarring insights.

Everything, one suspects, was wrong about this project from the start. It was produced by Disney, whose first instinct with the past is to turn it into a theme park. It was written by the cerebral Stoppard when it needed a scenarist of the visceral. And it was directed by Benton, whose best films from *Bonnie and Clyde* (screenplay to *Kramer Vs Kramer*) and *Places Of The Heart* have dealt with plain folk quickly thrown into crisis. Nothing is plain about the folk in *Billy Bathgate* stunted, horrifically mediocre, the blind leading the blinded.

*Liebestraum* has more life, but it is hard to define that life. In a Mike Figgis film the visual background is a stroboscopic tapestry — shifting shadows and blobs or shards of light — and the "music", composed by himself, consists of brooding electronic hums and thuds. If Antonioni had ever been hit over the head and brought to Hollywood to make thrillers, he might have made *Liebestraum*.

He would certainly be on a wavelength with its plot. Architectural writer Nick (Kevin Anderson), visiting Eldershaw, runs into ex-schoolfriend Paul (Bill Pullman), a property developer who is demolishing the historic iron-frame Ralston Department Store, the "missing link in American architecture." Paul's wife (Pamela Gidley) completes the edgy love triangle and shadows from the past rise up or spill advice from hospital deathbeds (Kim Novak as Nick's mother).

For half an hour we might be watching *La Notte* done as a Hollywood no-brainer. But even as the plot thickens and the daftnesses grow — spooky mannequins in the midnight store, the town freak revealed as the town's heir-to-power, a scene in a brothel that makes *Twin Peaks* look like *Poltergeist* — *Liebestraum* casts its bizarre spell. As in *Internal Affairs*, Figgis dives into the dark spaces between dialogue lines as if seeking the lost secrets of silent cinema, when images spoke more than words. And unlike *Billy Bathgate*, where the past becomes a man-solium for the narrative, the past here is a hunting ground for gulls and mysteries, where the last-scene revelation lies crouched in hiding, ready to ambush.

He would certainly be on a wavelength with its plot. Architectural writer Nick (Kevin Anderson), visiting Eldershaw,

## BILLY BATHGATE

Robert Benton

## LIEBESTRAUM

Mike Figgis

## MERCY LA VIE

Bertrand Blier

## THE BRIDGE

Syd Macartney

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the cast and crew of *Dr Who*.

Bertrand Blier's *Merci La Vie* begins as a shock-therapy black comedy in the style of his *Tenuis De Soire*. A girl in a bride's dress (Anouk Grinberg) is kicked to the ground by a man who then drives off. Another girl (Charlotte Gainsbourg) picks her up and befriends her; soon they are both picking up men and seducing them as if on a two-woman campaign to reverse the human-hunted roles in human sexuality.

Grinberg, it transpires is a

VD-carrier out to fell men with disease under the guidance of Dr Gerard Depardieu, a mad medico keen to increase his work-load. A film whose opening imagery evoked Truffaut's *The Bride Wore Black* shades into something more brutal and modernist: *The Bride Brought Up*, directed by Blier as if he were pushing us through life's emergency wards on a runaway trolley.

Indeed we soon find ourselves in total confusion. As if the screen were not already alternating between colour and monochrome for no known reason, the film begins to hop between decades. We are in the present; we are in Nazi-occupied France. Mireille Gainsbourg is alive today; she is alive at the same age 50 years ago ("Is this what they call a flashback?" she asks). Jean-Louis Trintignant and Michel Blanc pop up in cameos. Miss Grinberg levitates after sex. And there are Pirandellian games with a camera crew on the oh-it's-all-only-an-illusion model. By the close of what began as a sly comedy of sexual subversion, we feel we have strayed into an end-of-series orgy for a window-sill.

One sometimes believes the world of British cinema has stopped turning since *Brief Encounter*. *The Bridge* is prime, easy-on-the-eye and vacuously wishful: a Merchant-Ivory film made by a team without M-P's talent and for whom the past is a foreign country where everyone speaks with a faraway look as if scanning subtitles.

The rest of the week is worth dashing through at high speed, holding one's coat over one's head. *V.J. Warshawski* (15, Odeon Haymarket) has the stylish Kathleen Turner in a soggy crime thriller drawn from Sara Paretsky's woman-detective novels. The local colour (Chicago) is thickly laid on as the smoke-voiced Miss T croaks out her one-liners. Unfortunately this is one of those films where everyone has a smart answer but no one has thought to bring a smart question.

*Year Of The Gun* (15, Cannon-West End) is worse: a thick-eared Alamo-American action thriller centred on the kidnapping and murder of Aldo Moro. Star and former brat-pat Andrew McCarthy flexes his two known expressions — constipated and more constipated — while John Frankenheimer directs.

*Hello Hemingway* (ICA, no cert), a first feature from Cuba's Fernando Perez, is sweet but small-voiced. In 1950s Havana, on the eve of revolution, penurious young Larita (Laura de la Uz) hopes to win a place at an American university, with or without help from her rich neighbour E. Hemingway. Will she succeed? The suspense is bearable. We keep watching thanks to fine period evocation and the bubbly naturalism of Miss de la Uz.

Nigel Andrews



Ruth McCabe and Barry Foster

## The Gigli Concert

ALMEIDA THEATRE

There is another Irish theatre triumph in London, this time at the Almeida. Tom Murphy's *The Gigli Concert*, though it has a cast of only three, has everything: wit, pathos and music. Above all, it contains something to make you smile.

The play was first performed at the Abbey Theatre, Dublin, in 1983. This is a slightly revised version which was presented at the Abbey last year. As the British premiere, it cried out to be seen. One could be pretentious about it and say it has a cosmic background, as a programme note claims: I would prefer to say simply that it is deeply human.

JPW King is an Englishman who is a Tipperary grandmother who has set up in Dublin as a dynamatologist, which means a kind of quack psychologist. He has few, if any, patients until the appearance of the unnamed Irish Man, who asks for help and has money to pay for it. The Irish Man claims to have been born in Italy where he was a promising boy

soprano. He has since made a sizeable fortune out of the Irish building industry, but craves now to be able to sing like Gigli.

All three performances are superb. Barry Foster as JPW is a big man capable of wonderful facial changes. He can be the kind, sympathetic Englishman, then switch to anger or ecstasy. Tony Doyle as the Irish Man has a slightly less developed part and seldom gets out of his overcoat. Ruth McCabe's Mona strikes me as entirely credible despite her strange life-style. She is vulgar, loving, faithful and promiscuous all in one. The trio between them are capable of variations of pace unusual on a London stage.

There is a thoroughly appropriate set of JPW's surgery, with the Dublin streets outside, designed by Ashley Martin-Davis. The direction is by Karel Reisz, more normally associated with the cinema. Here, like everyone else, he seems in his element.

Malcolm Rutherford

## Dinner Dance

LYRIC, HAMMERSMITH

Unsubtle and coarse in several ways, the dance-theatre group The Knob is well named. In this two-act *Dinner Dance*, writer David Pownall and choreographer-director Sian Williams treat a group of seven characters from two contrasting angles, neither of them rewarding.

Act One is "A Slice of Life", in which we follow the lives of three couples and a female dispatch rider in brief scenes, soap-operas style, all set in the same kitchen. A working wife grows tired of her unemployed husband and his hopes of starting a family. A bible-freak (Well, at the moment you were I was reading the Psalms of David") dates a black girl. Two gay lovers break up ("Being a junk jewellery salesman does it have its limitations"). Don't ask about the girl cyclist. For emotional depth or psychological penetration, this all scores less than *Acorn Antiques*.

Most scenes are spiced with mime-dance-acrobatic ingredients. I guess this is meant to suggest the intensity of the things left unsaid, but in practice it makes each character

look (a) phoney (b) melodramatic (c) narcissistic. One guy man replying to his lover (put-ette across the kitchen, back-end over a work-surface) "I can't trust you to do anything" and "I'm not a virgin".

Act Two is called "Throw Caution to the Wind". Here the seven characters (and their poor accompanying cellist) are dressed in harnesses, kneepads and not a lot else. It looks like a bad bondage party.

The music (thanks, Howard J. Davidson) is standard soft-core rock — stuff to energise to. I imagine that what occurs here is an attempt at transcendent lyricism modelled on the famous "Golden Section" in Twyla Tharp's 1981 *The Catherine Wheel*. But, whatever its concept, it is fatally constricted by the deliberately strenuous, crude movement style.

The dancers stamp athletically and do a few acrobatic feats, but they look even more

tense and self-conscious than in Act One, and they maximise the effect involved. The eventual image is one of totalitarian perversions, marked by competitive aggression. Then they cheat at a finale: "I want I need... You and I alone with him, and her and me." The singing is as strenuous as the movement; half the performers sound hoarse.

Nothing about this performance cheered me, but I must mention the overall Koch features that are most depressing. *Dinner Dance* is so stratified by its own emtional manner that it never makes clear what kind of social comment it intends. Is Act Two supposed to show the same characters, conflicts and problems as Act One? Or does it hope to express a lyrical release in which ordinary social character is forgotten? Impossible to say, because neither is achieved. Sadder yet is the brutalising effect that this kind of show has on its executives. Any kind of refinement — technical or spiritual — is out of place here.

Alastair Macaulay

Picture book pages: a scene from *Billy Bathgate*

## Royal Academy pins its hopes on Mantegna and revamps the summer show

"If I had to destroy the work of Monet or Mantegna, I would definitely choose that of Monet" says that arch modernist Norman Rosenthal, exhibitions secretary of the Royal Academy yesterday. I am sure he means it, but it also makes good business sense.

Last year was the best ever, financially, for the RA, with a profit of almost £1.5m thanks mainly to the record number of 1.8m visitors, half of whom were drawn to just one show, the Monet. The £50,000 pairs of feet managed to wear out the stair carpet. They also spent lavishly in the shop and re-

taurant, and bought 65,000 catalogues.

This year's exhibition programme includes no such outstanding shows, apart from that devoted to Mantegna which opens on January 17, thanks to sponsorship by Olivetti. This outstanding, wayward, artist of the Italian Renaissance bears the burden of ensuring that the RA has another good year.

The appearance in the show of eight of his nine canvases of the "Triumphs of Caesar", the undoubted masterpieces of his career, which entered to the Royal Collection in 1829, should ensure a good attendance, but the RA is opti-

matic if it imagines that this Old Master can capture the popular imagination in the manner of an Impressionist.

The other interesting exhibitions are those devoted to the Impressionist Sisley (July), whose reputation has long been overshadowed by his contemporaries; Sickert (November), the greatest British post-impressionist who has not received a serious show for 30 years; and a display of Tibetan art, stretching back over 1,000 years.

President Sir Roger de Grey announced changes in its most established institution, the Summer Show.

Honorary foreign RAs, like Robert Diemken, are to be invited to exhibit in an attempt to raise standards. Although around 12,000 works are submitted for the Show, very few contributions by amateur artists are accepted. Sir Roger sees the Show as offering young professional artists a chance.

Other shows this year are devoted to Alexander Calder, creator of the mobile and the RA Tom Phillips. Next year there will be major exhibitions of British watercolours between 1750-1850; a Pissarro show; and one devoted to 20th century American art.

A.T.

Grahame's 1908 story (National, 071-928 2252). *Jack and the Beanstalk*: Cilla Black stars in the popular Christmas pantomime. Runs till Jan 19 (Piccadilly, 071-867 1116).

● For ticket information about all West End shows phone The Box Office, anywhere in the UK. Plays 0898 430959 Musicals 0898 430960 Comedies 0898 430961 Thrillers 0898 430962

MUSIC AND DANCE

Covent Garden 19.00 Carlo Rizzi conducts a revival of Johannes Schaefer's production of *Coenfus* fan-tutte, with Margaret Marshall, Diane Montague, Anne Howells, Stafford Dean, William Shimell and Kuri Street. Runs till Feb 11, with next performance on Sat.

Tomorrow: Jeffrey Tate conducts Le Nozze di Figaro, with Felicity Lott, Marie McLaughlin, Thomas Allen and Anne Sofie von Otter (071-240 1066).

Coliseum 19.30 Michael Lloyd

conducts ENO production of Rimsky-Korsakoff's *Christmas Eve*. Tomorrow: Xerxes with Ann Murray in the title role. Sat: Richard Jones' production of *Die Fledermaus* (071-836 3161).

● Sophisticated Ladies: Duke Ellington is the focus of this revue-style musical which celebrates his life and work.

(Globe, 071-494 5056)

● Becket: riveting performances from Derek Jacobi and Robert Lindsay in Anouilh's play on the relationship between Henry II and the archbishop (Theatre Royal Haymarket, 071-930 8800).

Barbican 19.45 Rafael Frühbeck de Burgos conducts the London Symphony Orchestra in two Haydn symphonies and Orff's *Carmina Burana*. Sun: Frühbeck de Burgos conducts Brahms' *Schicksalssuite* and Beethoven's Ninth Symphony (071-638 8891)

● The Madness of George III: Nigel Hawthorne stars in Alan Bennett's new play at the National Theatre. The NT repertory also

includes *The Sea*, a revival of Edward Bond's uneven social comedy starring Judi Dench, and *The Wind in the Willows*, Alan Bennett's adaptation of Kenneth

● MADRID

This week's programme at the Auditorio Nacional de Música includes a concert tonight by the Chamber Choir of the Barcelona Palau de la Música. The Spanish

Radio Orchestra and Chorus, conducted by Sergiu Comissiona, give concerts tomorrow. Sat and Sun, with a programme including Tippett's *A Child of Our Time* (337 0100)

● NEW YORK

Avery Fisher Hall 20.00 Leonard Slatkin conducts the New York Philharmonic Orchestra in Mozart's Symphony in F major K19a, Shostakovich's First Violin Concerto (soloist Salvatore Accardo) and John Corigliano's First Symphony. Repeated tomorrow at 11.00, also Sat and next Tues at 20.00.

These concerts are dedicated to all those who are living with AIDS and those who help and support them (875 5030).

Metropolitan Opera 20.00 James Conlon conducts Der fliegende Holländer, with a cast led by Hildegard Behrens, James Morris, Gary Lakes and Matti Salminen. This production runs till Feb 7, with next performance on Tues.

Tomorrow: John Corigliano's new opera *The Ghosts of Versailles*. Sat afternoon: La bohème. Sat evening: La traviata (362 6000)

New York State Theater 20.00 City Ballet in choreographies by Jerome Robbins, Richard Tanner, Peter Martins and Balanchine.

## FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
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Thursday January 9 1992

# Raven croaks at Motherwell

EVER SINCE Mr Harold Macmillan announced, in 1959, that a major steel industry investment should be divided between Scotland and Wales on regional policy grounds, the position of the Ravenscraig steel works has been a matter of controversy and doubt. In the 1980s, the steel industry needed consolidation on appropriate sites, not further politically motivated fragmentation.

To most observers the last two decades, the plant, near Motherwell in central Scotland, has appeared doomed. With the loss of the nearby Linwood and Ballygarnon vehicle manufacturing industries, central Scotland could offer neither local raw materials nor local markets. British Steel privatised in the 1980s, and chasing world-class costs and productivity, has in recent years not bothered to conceal its ultimate intention for Ravenscraig.

Although none of this has quietened Scottish political passions on the subject, even influential voices in Lanarkshire have in the last year urged recognition of reality, since a government-commissioned Arthur D Little report underscored the weakness of Scotland's claim to a place in world steelmaking.

None of this alters the fact that the loss of thousands more jobs in Ravenscraig represents a local economic catastrophe. To some extent, those Scottish politicians who have done most to overstate Ravenscraig's claims to a future have made the problems of transition worse.

### No duplicity

Equally, British Steel has not helped in the last two or three years by refusing to make more explicit the economic case against Ravenscraig. The company cannot, however, fairly be accused of duplicity over the timing of yesterday's announcement. It had long said that its preferred closure date of 1984 was subject to market conditions; the faltering nature of the UK economic recovery is presumably precisely what British Steel feared when it entered the caveat. It should go without saying that there is no case for compelling British Steel to act against its own commercial best judgment.

# HK governor

IT WILL be a difficult and probably thankless task to oversee the hand-over of Hong Kong from Britain to China in 1997. Most former colonies have emerged independent, but Hong Kong will uniquely be delivered, even if as a Special Administrative Region protected by its own law, to well-established, and decidedly threatening, communist masters. The governor succeeding Sir David Wilson later this year must be carefully chosen.

Though Sir David's retirement – announced with his elevation to a peerage last week – was not a surprise, the hiatus until a successor is announced after Britain's general elections is unfortunate. These are uncertain, nervous times for Hong Kong. It can do without a period of speculation in which a series of unlikely names are bandied about.

The government should try to obtain cross-party agreement to appoint a new governor before the elections. This could be difficult since some potential candidates might hope for other offices in London if their party were to win. But the future of Hong Kong is

important enough to try.

No cues are being given as to whether the new governor will be a diplomat, politician or from any other calling – with one qualification that Hong Kong people appear to have been ruled out. Through China, which views the Hong Kong administration simply as an extension of the British government, would doubtless object strongly to a local governor, that is not a reason for rejecting the option outright. The idea has merit. But it has to be recognised that any governor must also be able to deal with Beijing.

The governor will need to be not only an effective representative of departing Britain, but also alert to the needs of Hong Kong people. He, or she, must be prepared to stand up for them openly in negotiations with both London and Beijing, which between them take the most important decisions.

Above all, the governor should not be seen as conditioned by Britain's former imperial role. He or she, should be a politically adept, sensitive, robust and open chief executive, not a symbol of the Raj.

# End set-aside

HATS OFF to Clark. No, not the publicity-hogging Kenneth Clarke, but David Clark, the Labour party's shadow agriculture minister. Unlike John Gummer, self-proclaimed advocate of efficiency in a supposedly pro-market government, Dr Clark knows interventionist nonsense when he sees it. And in the set-aside scheme for taking land out of production he has, indeed, found "some of the more insane aspects of the common agricultural policy".

The objection to set-aside is not, as the Sunday Times has tried to show, that it is vulnerable to fraud; fraud is certainly not needed to make it an outrage. First, policy-makers pay farmers to produce surplus food; then, to deal with the surpluses, they dump the excess on world markets at vast cost to EC taxpayers and less costed competitors; now, to limit the surpluses, they pay farmers not to produce and the more land they agree not to produce on, the more they will pay. The law of the conservation of absurdity applies here: policy may change, but total absurdity remains constant.

**W**hen Sir Robert Scholey retires this summer as British Steel's chairman Scotland is unlikely to be his first choice for a holiday.

Over the past two years, Sir Robert has been vilified by Scottish industrialists, trade unions and community leaders for presiding over British Steel's strategic withdrawal from steel making in Scotland. The retreat turned into a rout yesterday when the company announced it would close the last two blast furnaces at its complex at Ravenscraig in Scotland by September this year.

Two factors lie behind the Ravenscraig closure. The first is British Steel's attempt to overcome the historic fragmentation of the UK steel industry, which has left it with smaller and less economic plants than its best European competitors.

This fragmentation has left Ravenscraig particularly vulnerable to the second factor: a savage decline in the steel market in the last two years which has forced the privatised British Steel into a desperate fight to maintain its financial performance.

For many Scots, Ravenscraig is a symbol of the nation's industrial strength. For British Steel, the plant is a symbol of the political and managerial obstacles which have hampered the modernisation of the industry throughout the post-war period.

Critics of the closure argue that it spells the end of hopes of an independent Scottish manufacturing industry. British Steel is hoping it marks the end of an era in which commercial decisions have been undermined by political expediency.

It was 1959 when Harold Macmillan, then Conservative prime minister, forced the then private-sector steel industry to establish two hot strip rolling mills instead of the one that was required: one in Ravenscraig, near Glasgow, and the other in Llanwern in south Wales. The plan was that the plant would provide the hub of an area with steel tube and plate plants supplying factories for ships, buses, cars and other products.

Ravenscraig drained the finances of Colville, its private owner, so much that it helped to push the industry towards nationalisation in 1967. Yet political pressures meant that British Steel had to stand by its Scottish plant.

Doubts about the future of the Scottish industry had long been raised but became insistent with the privatisation of British Steel in 1988; the bell really tolled from May 1990 when the company announced plans to close the hot strip rolling mill with the loss of 770 jobs. Then, in November, that it announced the closure of its Clydesdale tube works with 1,200 job losses. The future of the other two Scottish plants, the Dalzell plate mill, has been in question since last July when the company said it planned to

close a new mill at Lackenby on Teesside, north eastern England. Bereft of a strip mill to roll and finish the steel, Ravenscraig's three blast furnaces were increasingly born, making crude slabs for British Steel plants in south Wales and for sale on the open market. The first blast furnace closed last year with the loss of 1,200 jobs. The final two will close no later than September with the loss of a further 1,250 jobs.

The immediate reason for the

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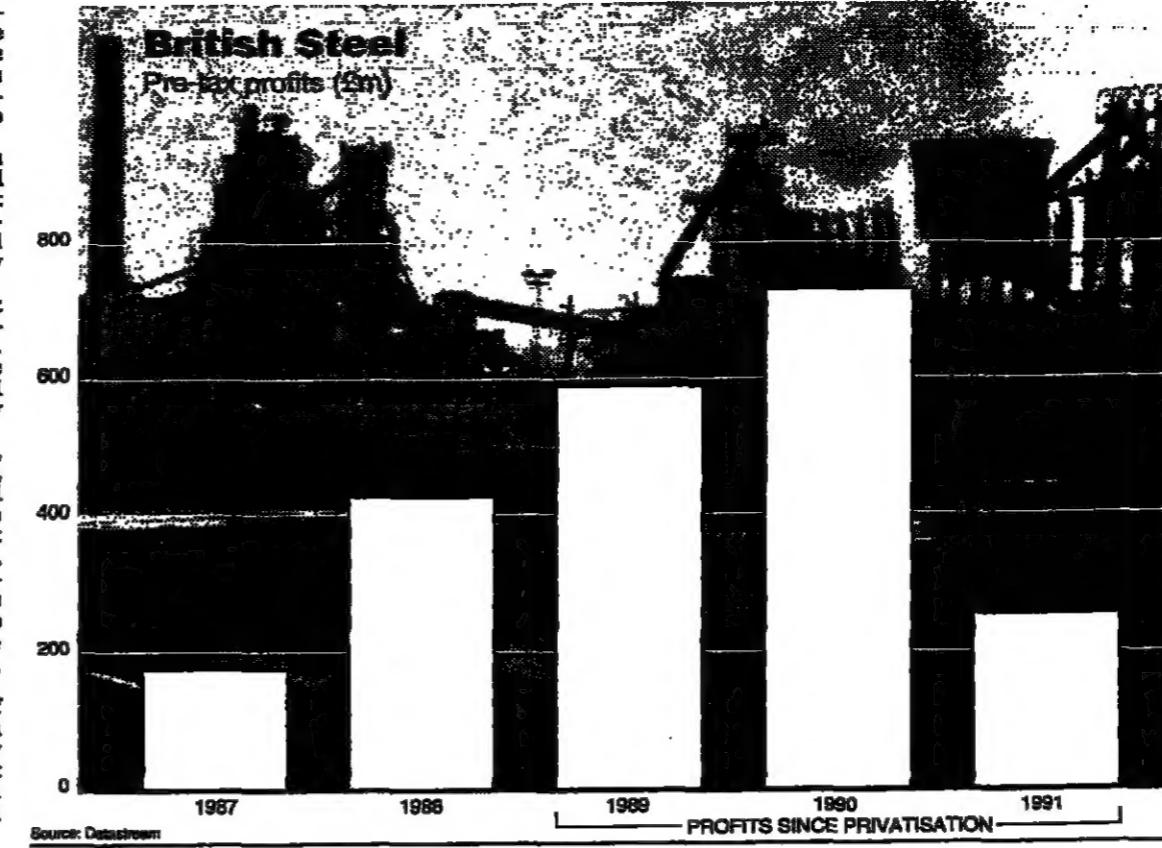
cut of about 28 per cent.

With steel demand falling as a result of slower economic growth in Germany, France and Italy, British Steel will gain no relief from the fierce competition which drove its UK market share down from 64 per cent in 1988 to a low of 55 per cent last year.

The deterioration of the steel market has taken a heavy toll on a company which in the late 1980s was held up as a symbol for the resurgence of

# In closing Ravenscraig, British Steel hopes to rid itself once and for all of political interference, writes Charles Leadbeater

# Passing of an industrial symbol



# Tory prospects in tatters

James Buxton says Scotland will show its wrath at the polls

of Scottish voters.

Many Scots will see the shutdown as the inevitable result of Tory economic policies which, in their eyes, have undermined Scottish manufacturing. More broadly, it will reinforce their conviction that the government does not care about Scotland.

This perception has grown over the past 10 years. But Ravenscraig owes its survival through the 1980s to the Tories. In the early part of the decade, Mr George Younger, the then Scottish secretary, insisted that the state-owned British Steel did not close it. The plant always posed a dilemma for the party, however: it was not on a coastal site for easy transport and most of its main Scottish steel users, such as car makers,

had disappeared. Its supporters refused to recognise these inescapable facts.

Labour politicians, trade unionists and the Scottish media invested the plant with a symbolism it never merited, often based on muddled and romantic thinking of the kind expressed in 1980 by the Scottish rock singer Pat Kane, who said: "If Scotland wants to have a 21st century manufacturing future it needs to have a Ravenscraig. It is regarded as a link to our manufacturing past."

That link was shattered in May 1990 when Sir Robert declared that Ravenscraig's hot strip mill was to close. The Conservatives at last began trying to convince the Scots that they should look to an economic

future beyond steel-making. Consultants who were asked to examine the option for steel-making in Scotland, stated bleakly that there were virtually none.

In the past year Scottish politicians have at last been able to discuss the future of Lanarkshire after steel without automatically being accused of defeatism. The mood among steel workers and local people in Motherwell yesterday was one of dignified resignation, unlike the anger of May 1990.

For Mr Lang that is about the only favourable thing to emerge. The boost to the Tories' standing in the Scottish opinion polls which followed the departure of Mrs Margaret Thatcher in November 1990 has

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## Eight days a week

■ One of the troubles with a small place like Wales is the shortage of politically-correct movers and shakers. When the rulers in London want to fill a slot with a Welsh figure, the same old names pop up.

Take the case of Gwyn Jones, a 43-year-old entrepreneur who sold his software company in 1987. One of former Welsh Secretary Peter Walker's blue-eyed boys, Jones was made part-time chairman of the Welsh Development Agency in 1988 and after his recent reappointment his WDA workload was increased to four days a week.

However, he has now added the Welsh HBC governorship to his portfolio, which carries with it the chairmanship of the Broadcasting Council for Wales and membership of the Welsh Channel 4 network. Add all the tasks together and even Jones the computer is not capable of working eight days a week.

Jones is now going to shed some of his international workload at the WDA in order to take on his new responsibilities at the Beeb. Even so his appointment does nothing to reduce the concern within the principality at the concentration of top jobs in such a small number of hands.

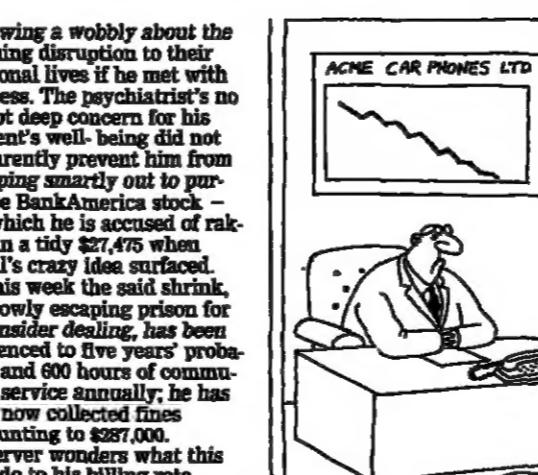
Come the election it could all be different. Different faces that is...

## Shrinking fortune

■ Are you keeping your shrink informed? Joan Weill, wife of Sandy, Primerica Corp chairman, was unburdening herself to one particularly attentive psychiatrist back in 1988 when the unthinkable happened.

The shrink actually took notice of what she was saying. Her husband, the former number two at American Express, had confided his ambitions to become top dog at BankAmerica, and she was

## OBSEVER



throwing a wobbly about the ensuing disruption to their personal lives if he met with success. The psychiatrist's no doubt deep concern for his patient's well-being did not apparently prevent him from stepping smartly out to purchase Amex stock – on which he is accused of raking in a tidy \$27,475 when Weill's crazy idea surfaced.

This week the said shrink, narrowly escaping prison for his inside dealing, has been sentenced to five years' probation and 600 hours of community service annually; he has also now collected fines amounting to \$387,000.

Observer wonders what this will do to his billing rate.

## White knight

■ Blind persons everywhere should be in mourning today, following the news of the death of Jean Delage in Rabat, Morocco, at the age of 99. The French author and journalist made a white cane the internationally recognised symbol of blindness.

He established the "Cameles Blanches" association for the blind in France after World War One, using the blind stick as a mark of recognition.

Delage began as a cabaret singer in Paris, writing several plays which were successfully staged in Paris and Brussels. He then went on to journalism and wrote two books about Russian exiles in Paris.

Spelling mistake ■ It's not the best advert for Made in Britain. Yesterday's Walworth Road head-out launching the Labour party's economic strategy for the 1990s included around a dozen spelling and other grammatical mistakes in the course of a two-page press release. Of course, it may be all the fault

of UN ambassador Sir Nicholas Henderson, not to talk to any other channel until after the anniversary is over.

Nevertheless, at least another four Falklands programmes are planned by the rival channels in what could prove to be a scheduling nightmare in an election year. The BBC is not taking up the suggestion of Mrs Thatcher's former press secretary, Sir Bernard Ingham, to renew a pro-Thatcher Falklands play.

Meanwhile, details of Mrs Thatcher's role in the anniversary celebrations remain under wraps. She refused to sign any contract with Channel Four. Wouldn't it be interesting if she resurrected on the Beeb?

## Confidence index

■ A plea for political stability from George Ingle, chairman of Savills, the upper crust firm of estate agents which reported another loss yesterday and passed its dividend again. The current housing slump in the worst Ingle can remember in his 30 years in the business, and he shudders at the thought of what the return of a Labour government might do to his wealthy clients.

According to Savills, central London house prices have fallen by 16.5 per cent from their 1989 peak, while country house prices have fallen by 15.4 per cent. Traditionally, the London market gets hit first and recovers first, and Ingle sees the same thing happening again. Although his firm is seeing increasing numbers of repossessions at the upper end of the market, the good news for clients is that forced sales are "making vendors more realistic about asking prices".

## Battle stations

■ With three months to go before the tenth anniversary of the Falklands War, Britain's Channel Four has fired the opening shot in what looks like being a fierce ratings battle. The subject – the most comprehensive account of Britain's conflict with Argentina. Be warned, there could be casualties.

Channel Four, whose four-part documentary starts next Monday, has former Sea Lord Admiral Sir Henry Leach addressing former defence minister Sir John Knott of "making a howling cock-up" of defence policy in the run-up to the war.

In order to split the opposition's guns it has taken the precaution of getting agreement from a host of retired admirals, generals, and senior diplomats, including former

Burning bright ■ Is this a record? When one reader took down his Christmas decorations, he discovered that he had received 14 identical Christmas cards from different contacts inside British Gas.

British industry. Its pre-tax profits for the six months to last September fell 78 per cent to just £15m. Mr Iwan Fraser, a steel analyst at stockbrokers James Capel, forecasts it will make a loss of £50m-£100m for the year, including the exceptional costs of £20m for shutting Ravenscraig.

The closure is central to British Steel's hopes of stemming the hemorrhage. It should cut the company's costs by at least £100m a year.

In the long run it is unlikely this is the end of British Steel's attempt to reshape itself. It wants to concentrate production at two sites – its Llanwern-Fort Talbot complex in south Wales, and Teesside – to gain the economies of scale it needs to match its largest continental competitor, Usinor Saclor in France and Thyssen in Germany.

There will be further job cuts – 5,000 went in the six months to September, leaving 47,000 – and tight control of investment. The company disclosed yesterday that it has postponed a planned £100m investment to install a second continuous caster at Llanwern.

The Ravenscraig closure marks two other, potentially more significant developments that are reshaping the British steel industry. The first is its shift from a national focus to a European one. Ravenscraig was built as part of a national industrial strategy to stimulate Scottish manufacturing. It is being closed because it cannot survive in an increasingly competitive European market.

When the strip mill closed, only 4 per cent of Ravenscraig's steel went into the Scottish economy. A small plant with capacity of only 2m tonnes, it is 50 miles away from the main continental steel companies. In contrast, 30 per cent of customers for Thyssen, the mighty German producer, are within 100km of its main plant near Duisburg which has a capacity of 10m tonnes.

The real weakness of the British steel industry is the weakness of its customer base, British manufacturing industry. The solution can only be further internationalisation of its markets.

The second long-term shift in the industry lies in the balance of power between the public and the private sector. Ravenscraig is being closed because British Steel is now a private-sector company able to take its own commercial decisions. But the pressures it is under come in part from

## ECONOMIC VIEWPOINT

## Better Frankfurt than Liverpool

By Samuel Brittan

Let us suppose that the different states of the US still had their own currencies, which they had linked together in an exchange rate regime, and hoped eventually to fuse into a single dollar. Let us go back one step and assume that there was not yet a Federal Reserve Board, but a series of regional banks which had to follow New York. These would then suffer many vociferous complaints that other states were being forced to accept excessively high interest rates based on the needs of New York.

Yet in practice Florida, California, Wyoming and the rest might benefit more from a zone of currency stability than from the ability to have their own nominal interest rates. And if New York had a good sound money record, the other states could improve their own anti-inflationary credentials by using it as an anchor.

This comparison has been provoked by the renewed campaign to cut Britain free from the strings of the ERM. (The biggest non-surprise of the new year is the report that Mrs Thatcher has been expressing similar views. It would be astonishing if she had not been.) Let me one suppose that a mere realignment – that is,

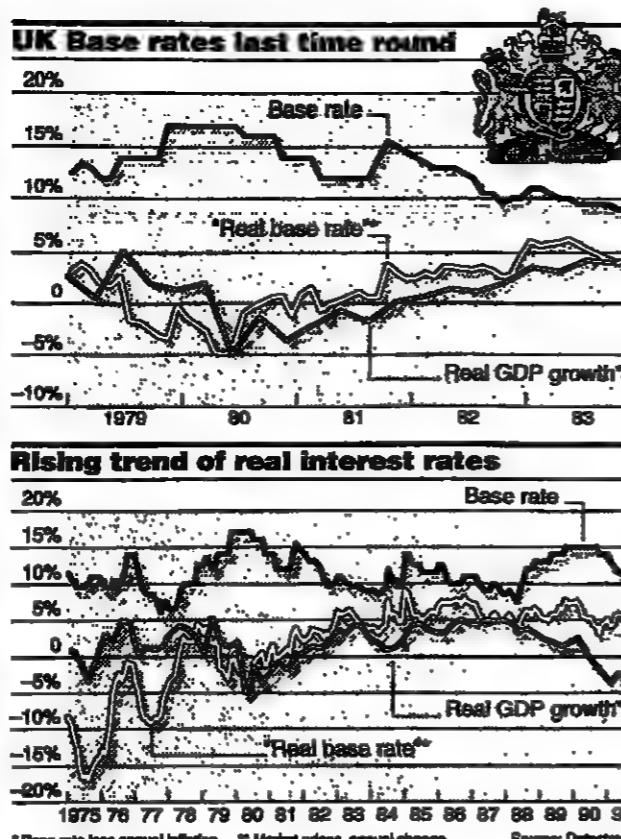
## The irresponsible demands of the German unions are pricing European workers out of jobs'

a devaluation within the ERM would give the UK freedom to slash interest rates. Rates would still have to stay competitive with other European currencies, plus an additional devaluation risk premium.

Mr Nicholas Ridley believes that the ERM has "overhauled" UK inflation, which is now "zero or even negative". I only wish that this were true. He is right to say that the retail prices index is misleading; but that is because it now understates inflation, the underlying rate of which is 5% to 6 per cent.

A plausible case can be made that both core and headline inflation will be down to 3 per cent or less by the end of this year. But we are not there yet. It would take only a few signs that the UK was once again devaluation-happy to reignite inflationary psychology.

What is disreputable about the alarmist talk is the implication that there is nothing that business and workers can do to help themselves, such as to stop pricing themselves out of work. In a previous article I incensed the Ford pay settle-



ment at a rate well above inflation and in defiance of the glut of workers asking for jobs. So long as this "going rate" mentality is prevalent, unemployment will be high whether the UK is on a fixed or floating exchange rate, inside or outside the ERM, and irrespective of which party is in power.

Now for another example. I have a friend who has behaved like a textbook employer, reducing pay in his factory by 10 per cent before contemplating a short time or redundancies. But his cost-cutting efforts have been undermined by a ground landlord who demands hefty increases under a five-year rent revision clause, on the assumption that high inflation is here to stay. My friend has been advised to tell the landlord to jump into a lake.

These incidents are part of the human friction involved in the transition from a fixed price (or cost-plus) economy to a flexible price one. The transition would be stopped in its tracks if the government panicked over recession – too late in any case to do it any electoral good. Incidentally, it does not take much imagination to see how John Smith would have the government for breakfast if it embarked on such a course of devaluation.

One way in which self-correcting economic forces can work in a large economic area is for the recessionary region to lower its costs and prices relative to the anchor state. If a monetary policy, decided in New York in my hypothetical case and Frankfurt in the actual one, were to depress output in the outlying states, the latter could emerge from recession by improving their competitiveness and increasing market share.

But would all these efforts be offset by the inability of the outlying states to reduce interest rates – which would actually rise in real terms if inflation rates fall? History suggests that they need not be. In the second half of 1981, in the early stages of UK recovery from the 1981 recession (when Sir Alan Walters was advising Mr

Thatcher at No 10), base rates had to be jerked sharply upwards in reaction to money tightening in the US, and they did not return to their starting point until July 1982. Moreover, because of dropping inflation, real UK interest rates rose even more sharply, and increased further in 1982-93.

Yet these developments did not prevent a recovery in British output starting in the middle of 1981 and gathering force in 1982-93. High real interest rates are compatible with economic recovery, even though they are hardly welcome; and the period of negative real interest rates in the mid-1970s was a gloomy one for growth.

If the calls to slash interest rates, irrespective of the exchange rate consequences, were coming from unrecon-

structed Keynesians, I could understand. What is difficult to take is when they come from economists such as the "Liverpool Six" headed by Prof Patrick Minford, many of whom claim in their academic capacity that the main influence of monetary policy is over inflation and any effects on output and jobs are transitory. Indeed Minford himself is known for his belief in both "rational expectations" and "new classical" doctrines.

What these doctrines were supposed to mean, unless I totally misunderstood them, was that output and employment could only be influenced by surprise changes in macroeconomic policy, and that the real economy would soon adjust to any stable monetary policy regime, once that was

credible and understood. Within this method of thinking, the debate between using a fixed exchange rate against a low-inflation country and relying on internal monetary rules, was a second order one in which reasonable monetarists could disagree with each other, and the answer might depend on circumstances of time and place. Now all these teachings have been thrown out of the window as the Liverpool Six outdid the crudest Keynesians in their call for refutation.

The fundamental question is how worried we should be that monetary policy throughout Europe is increasingly decided by the Bundesbank. I can think of a good many worse bodies to decide it. The implication, so resented in the Thatcherite camp, is that businessmen and workers in Britain, as in most other European countries, should be so intimately affected by the Bundesbank's efforts to contain the inflationary impact of German unity.

In the words of CS First Boston Economics: "That in turn makes the coming German monetary round assume trans-continental importance. Whether German unions know it or not, their irresponsible demands are pricing British, French, Italian and Spanish workers

deeply into these arrangements before lending him money. But MCC's non-executive directors and the independent trustees of the pension funds were worse than foolish. They were unable to fulfil their proper functions of representing the respective interests of independent shareholders and pensioners. In those circumstances, they should not have taken the bank under their control.

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Thursday January 9 1992

## France's Socialist high-flier

Laurent Fabius has one more peak to conquer, writes Ian Davidson

THE FRONT ranks of the French political establishment are crowded with glittering high fliers, but the curriculum vitae of 45-year-old Laurent Fabius, who will today be voted first secretary of the Socialist party, is considerably more impressive than most.

Many of his rivals were groomed for their fast-track political careers at Sciences Po or the Ecole Nationale d'Administration; Mr Fabius not only went to both these exclusive institutions, he also picked up an *agregation* (diploma) in modern letters at the ultra-intellectual Ecole Normale Supérieure.

His brilliance carried him with preternatural speed up the ladder of political promotion. At the age of 30 he was appointed chief private secretary to Mr François Mitterrand, then head of the Socialist party. Five years later, after Mr Mitterrand's presidential victory in the election of 1981, Mr Fabius was made budget minister.

Then in 1984, he went on to become the youngest French prime minister in more than 100 years; when his government fell in the Socialist defeat of 1986, he was still only 39.

There is now only one peak left for Laurent Fabius to conquer, and that is the presidency. That is why he has been so determined to take control of the party apparatus. It should give him bargaining power to secure the party nomination and leverage over campaigning power thereafter.

With the warm support of Mr Mitterrand, who has long treated him as his dearest *despia*, Mr Fabius formed his own party faction and in 1988



Laurent Fabius: only the presidency left to conquer

Lionel Jospin, the education minister.

This week Mr Fabius has been second time lucky, but only because Mr Rocard switched alliances. In the past the latter has regarded Mr Fabius as a key rival in the presidential stakes. But right now he is even more nervous of a challenge from Mr Jacques Delors, the former prime minister, and Mr

tried to capture the party leadership; but in their first open challenge to the president's will, the party barons chose Pierre Mauroy instead. He made another assault at the party congress two years later, but was again beaten back by an alliance between the factions of Mr Michel Rocard, the former prime minister, and Mr

president of the European Commission, who belongs to the Jospin faction.

The lesson is that the price of Mr Fabius' long-delayed victory is a virtual acknowledgement that it will be Mr Rocard, not he, who will be the party's candidate in the next presidential elections. That was the quid pro quo for the deal, but in any case he trails far behind both Mr Delors and Mr Rocard in the opinion polls.

His lack-lustre reputation may have something to do with his image as a rich houzeois and a ruthless intellectual. His tenure as prime minister was certainly tarnished by his handling of the Greenpeace scandal, when he squirmed shamelessly in evade responsibility for the sinking by French secret agents of the boat Rainbow Warrior.

His image may yet be revived: he still has plenty of time, especially if the relevant horizon is not the next presidential election, due in 1995, but the one after that. But his immediate test is to rescue the party from its current difficulties. All the indications point to a serious defeat for the Socialists in next year's general election; if he can minimise that defeat, his standing in the party will rise sharply.

Whether he has the political clout required must still be an open question. No one ever claimed that he was an instinctive Socialist with a burning faith; it is hard to believe that this middle-class intellectual will ever acquire the common touch. But if intelligence is enough to revive the French Socialist party for the 21st century, Laurent Fabius may be the man.

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## Russia agrees to accept UK beef aid

By Leyla Boulton in Moscow and David Gardner in Brussels

A ROW over whether Russia would accept 2,000 tonnes of British beef ended yesterday when the Russians agreed with British and European Community vets that it posed no threat of 'mad cow' disease.

The deal, which makes shipments conditional on 'detailed documentation covering production of the meat', followed a two-day visit to Moscow by Mr Keith Meldrum, chief vet of the UK Ministry of Agriculture, for discussions with his Russian counterparts. EC vets were also present.

A Russian statement said the shipments would come from cattle less than three years old - born after the outbreak of the disease which hit Britain in 1986 - and slaughtered last year.

In Brussels, the European Commission voted unanimously to continue to include

UK beef in food aid allocations to the former Soviet republics. Brussels has made clear it cannot eliminate UK beef from consignments because this would risk a new consumer scare on 'mad cow' disease.

Such a scare has led to the near-collapse of the EC beef market over the past two years.

A further 1,500 tonnes of British beef was earmarked for Russia, as part of the third Ecu250m (£112m) tranche of the Ecu200m food grants.

Senior officials overrode departmental advice to send all the UK beef to St Petersburg, deciding instead that 500 tonnes would go to Moscow which originated the dispute.

The Russians are said by officials in Brussels to have been concerned, not about the risk of humans consuming the beef, but of consignments

going missing and being reprocessed for animal feed, thereby retransplanting the disease to Russia.

This is accepted in good faith in Brussels, but some senior officials remain convinced that sharp beef traders sowed the doubt in Russian minds, in order to position themselves for later sales, to be paid for by Ecu1.25m in EC food credits to the former Soviet republics.

Mr Yegor Gaidar, the first deputy prime minister in charge of the Russian economy, said yesterday that vets from the Russian Ministry of Agriculture would visit Britain to see for themselves how meat was treated to remove the danger of contamination by 'mad cow' disease.

As one of the first consignments of European Community emergency aid to help Russia through the winter, the rejec-

tion of an initial consignment of 1,500 tonnes of British beef provided a major test for the new Russian government.

Mr Gaidar, acknowledging that poor distribution remained an obstacle to efficient use of food, said privatisation of the retail network, with expert advice from abroad, was part of the solution, even though it was not a job which could be done in a few days.

Mr Alexander Zhitnikov, deputy social affairs minister, said that the state had so far prosecuted 50 people in 38 cases of theft of aid. A commission headed by Mr Alexander Shokhin, a deputy prime minister and social affairs minister, has been set up to co-ordinate aid.

Legacy of collective farming, Page 2

## EC budget summit likely in April

By Patrick Blum in Lisbon

A SUMMIT of European states could be called in April to discuss a financial package for the Community, Mr Jacques Delors, the European Commission president, said in Lisbon yesterday.

Speaking after the first meeting between the Portuguese government and the EC Commission to discuss priorities for the Portuguese EC presidency, Mr Delors said proposals for a financial package would be presented for discussion by mid-February.

This would outline the Com-

mission's budgetary and financial commitments for the period 1993-97. He hoped 'an extraordinary summit in April would make it possible' to agree on the package.

He said it would include proposals designed to create a 'favourable environment [to strengthen] the competitiveness of European industries'.

This was all the more important as the world faced the challenge of important industrial restructuring and big changes in the international division of labour.

He said the Commission would outline proposals on

competition, on co-operation in research and suggest measures to accompany industrial restructuring, especially with regards to its social implications and on training policies.

Mr António Cavaco Silva, the Portuguese prime minister, was more circumspect on prospects of holding the summit in April, saying it would depend on the 'positive' outcome of discussions after the presentation of the new package.

Mr Cavaco Silva also emphasised Portugal's determination to help find a compromise in the Uruguay Round of world

trade talks which are threatened by disagreements between the EC and the US.

He said the presidency would also strive to ensure that social policies would be seen to be an important element in the development of the Community. 'We want to ensure that the social dimension is a reality in the Community,' he said.

Mr Delors said enlargement would have to be discussed during the six-month Portuguese presidency but that it was too early to talk of a timetable.

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trade talks which are threatened by disagreements between the EC and the US.

'At this meeting we want to know the exact circumstances of what happened... and obtain the necessary guarantees to let our monitors perform their job,' he told Croatian radio.

An article in Politika, the Belgrade newspaper regarded as a Serbian government mouthpiece, said the helicopters did not have clearance to fly from the Hungarian border to Zagreb. The helicopter had been shot down because it was operating in closed air-space.

Mr Dobroslav Velizovic, Serbia's deputy foreign minister, told the BBC that, in the past, two helicopters had been using this air corridor for 'the illegal importation of arms to Croatia... that is one of the reasons which might be the cause for the attack on the helicopter'.

A senior western diplomat said: 'If the Serbs think it can blame the EC for this incident, or try to cover up in any way, it is a mistake. This accident confirms why the army must be brought under political control as quickly as possible.'

Italy yesterday said the attack on the helicopter pointed to a deliberate attempt to scupper international efforts to end the fighting in Yugoslavia. An EC peace conference on Yugoslavia is due to resume in Brussels today as planned.

Mr Joao de Silva, the monitors' spokesman in Zagreb, said the mission was waiting to hold talks with federal army representatives who failed to

turn up at talks scheduled for yesterday morning.

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## World Bank attacks cost of Kenyan deal with UK firm

By Julian Ozanne in Nairobi and William Keeling in London

THE WORLD BANK has launched a strong attack on a £33m contract, backed on a UK government, involving a British firm of consulting engineers and a Kenyan state company.

The British firm, Knight Piésold and Partners, signed the contract in July 1990 with the Kenyan Power and Lighting Corporation (KPLC) for consultancy services on the proposed Ewaso Ngiro hydroelectric scheme.

In an internal document, the World Bank says the price of the contract for consultancy services is 'five times what such services would normally cost'. A World Bank official in Washington confirmed the document was genuine but would not comment further.

KPLC is a state-owned company under the Ministry of Energy. The ministry is tarnished by allegations of corruption during the nine year tenure of Mr Nicholas Biwott, the disgraced former energy portfolio who held the energy portfolio until last year.

No such allegations are made against the British company. Last night the company denied the consultancy fee was excessive.

Mr Biwott was sacked from the cabinet after allegations at a public inquiry that he had received financial kickbacks from a Swiss consultancy firm and that he was a prime suspect in the murder in February 1990 of Dr Robert Okelo, the former foreign minister. He was arrested in connection with the murder but later released after the police said they could not find enough evidence to charge him.

Western officials also question the role of Britain's Export Credits Guarantee Department (ECGD), which is understood to have guaranteed 80 per cent of the loan. A spokesman for ECGD in London refused to confirm that a credit had been arranged for the project, but western diplomats and bankers close to the project insist that the guarantee has been approved.

The Department of Trade and Industry declined to comment.

According to the World Bank document, at least \$2m has already been paid to Knight Piésold for a feasibility study on the scheme, which is not due to come on stream for at least another decade.

The exorbitant cost of this contract together with the high level of upfront payment... even before the feasibility study has been completed, raises fundamental questions about procurement practices and financial management,' says the document drawn up after a special mission to Kenya last November by the International Development Association, the soft loan arm of the World Bank.

Knight Piésold says the scheme involves the multi-purpose development of the Ewaso Ngiro river and includes three separate hydroelectric projects, a river transfer scheme and an irrigation project. 'At about 12 per cent of the total estimated cost of the completed project cost, the consultancy fee is entirely in line with the norm for work of this nature.'

Second opposition party launched, Page 3

## Scots steel plant closes

Continued from Page 1

its future since last July when the company announced it planned to build a new plate mill at Larkhall on Teeside, in north-east England.

Mr Land said British Steel's decision was 'hugely disappointing' though it could not have come as a complete surprise to anyone aware of the recent steep fall in British Steel's profits.

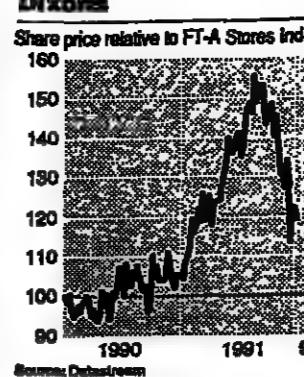
Trade union leaders at the plant reacted with resignation to the closure. 'There was an inevitability about it,' said Mr Willie Twaddle, senior works convenor at the plant, 'even though we were guaranteed to 1994.'

Army divided, Page 2

## More cracks in British Steel

FT-SE Index: 2,467.1 (-15.8)

Share price relative to FT-SE Index



food for thought. With highly rated customers securing long-term funds elsewhere, the quality of their loan books suffered accordingly.

### Sterling

Yet again, sterling is living dangerously. Yesterday's rate of DM2.8855 at 4pm London time - when the ERM ceases operation for the day - was the closest it has been to its effective floor since it joined the system. The optimist might argue that this does not matter. Since the floor is determined by the peseta, intervention would presumably be directed at pushing the peseta lower. Falling that Spain could reverse the small rise in overnight rates with which it responded to the latest Bundesbank increase, thereby moving sterling's floor down by another couple of pence. If the system can be relied upon in this way, perhaps there is nothing to worry about. The obvious snag is that in refusing to join its partners in raising rates, the UK is trying to buck the system in the first place.

### Dixons

Yesterday's 7 per cent jump in Dixons' share price in response to decidedly poor interim figures is understandable enough. A market starved of good news from retailers was bound to welcome a 7 per cent rise in UK retailing profits and talk of an excellent Christmas. Never mind that the increase was achieved without help from the market place of UK corporate sterling issues in 1992.

The signs are certainly positive. Not only do utility companies have a natural appetite for fixed rate borrowings, with their large capital spending programmes. Low spreads over gilt also mean opportunistic borrowers like Tesco can swap all - or in yesterday's case part - of the proceeds into cheap floating rate debt. Companies worried about the fickleness of today's commercial banking relationships may find even high real fixed rates worth paying to extend their debt maturities.

Whether new issue volumes will exceed last year's record, calculated by the International Financing Review at \$8.5bn is another matter. A run of poor profits and dividend cuts could yet undermine the investors' appeal of corporate bonds. Even so, the prospective volume gives the clearing banks

## REPUBLICA ARGENTINA MINISTRY OF THE ECONOMY AND PUBLIC WORKS AND SERVICES. SECRETARY OF PUBLIC WORKS AND SERVICES

### INTERNATIONAL PUBLIC TENDER

#### CONCESSION OF THE POTABLE WATER AND SEWERAGE SERVICES AT PRESENT SUPPLIED BY OBRAS SANITARIAS DE LA NACION (O.S.N.)

Law 23696. Decrees 1105/89; 2074/90; 1443/91; 2408/91.  
Resolution MOSP 97/91. Resolution SOSP 178/91.

#### FIRST STAGE

#### PREQUALIFICATION



## INTERNATIONAL COMPANIES AND FINANCE

## UK group purchases Norwegian life insurer

By Richard Lapper in London

SUN ALLIANCE, the UK's biggest composite insurance company, is strengthening its position in Scandinavia by acquiring Forenede-Gruppen, Norway's fourth biggest life insurer through a bid from its Danish subsidiary, Codan.

Codan's offer of Nkr200 per share - valuing Forenede at Nkr314m (\$136m) - has been accepted by the board of Forenede, Sun Alliance said yesterday.

The Codan bid is a third higher than that offered by Gjensidige, a rival Norwegian company. Sun Alliance owns 71.45 per cent of Codan, whose shares are quoted on the Copenhagen stock exchange.

The deal is the most significant recent expansion by Sun Alliance in Europe, whose recent advances have mainly centred on the development of greenfield site life insurance operations in the Dutch and

Italian markets. It reflects its strategy of "seeking to develop in Europe on a highly selective basis," according to Mr Ralph Petty, managing director of the group's overseas operations.

Overall the acquisition is the most significant made by Sun Alliance since its purchase of a 75 per cent stake in Swinton Insurance, which was completed last year. Sun Alliance paid just over £100m for the Manchester-based broker in three separate deals.

Forenede has not yet published accounts for 1991 but in 1990 its life insurance premium income of Nkr1.33bn - sold by a network of 500 agents and a number of group schemes - amounted to a market share of about 10 per cent. The company has a larger share of the market for group life and pensions business, and its Forenede's non-life premium income (Nkr75m in 1990) -

generated by personal lines business sold in central Norway - is also attractive.

Sun Alliance's interest in Scandinavian life market was signalled by an unsuccessful bid for the Danish state owned life insurer, Statsanstalten for Livsforetakring, which was privatised in 1990 and the group is optimistic about future growth prospects in the Scandinavian savings market, where state pensions schemes have come under increasing strain in recent years.

Sun Alliance said the acquisition had been influenced by Codan's particularly strong financial position - it counted with a solvency margin of between 350 per and 400 per cent at the end of 1990, although the deal could have a marginally adverse impact on the solvency position of the group as a whole by the end of the year.

However, Mr Carlo De Benedetti, the group's majority shareholder, who returned to full-time management control last November, has stressed the need for further savings if Olivetti is to survive the current crisis in the world information industry.

Mr De Benedetti has not hidden his pessimism about prospects for economic recovery this year and has been harshly critical of Italy's declining industrial competitiveness.

Since his return to full-time management, Olivetti has announced the scrapping of its previous organisational structure, in existence for barely three years, in favour of a simpler system which it is claimed could save 1,400m a year.

The latest round of redundancies presented at the start of a three-day negotiating session with the unions may also include proposals to transfer further manufacturing abroad. Olivetti currently has production facilities in Singapore and Mexico, apart from its numerous plants in Italy. According to Mr De Benedetti, costs in Singapore are around one-third of those in Italy.

The new plant, which marks a switch from traditional, labour-intensive integrated works, will produce 250,000 tonnes a year and employ around 475 workers when it opens early next year.

Although total German steel capacity is not expected to be reduced by the current wave of change, cost pressures are likely to lead to widespread job losses. Thyssen Stahl employs 41,000 and Thyssen Edelstahl 15,000.

Both subsidiaries are due to publish results later this month which will show continuing losses at Thyssen Stahl, which lost DM176m (\$111.3m) on sales of DM3.9bn in 1990, and further deterioration at Thyssen Stahl, where profits fell 16 per cent in the same year on turnover of DM10.5bn.

Both have been hit by low world prices and demand, and are now feeling increased pressure from the slowdown in the German economy, which is heavily dependent on the metalworking industries.

Internal restructuring at Thyssen, flagship of the German steel industry, which accounts for 25 per cent of the country's total 40m tonnes annual output, will mark a further important step in the rapid rationalisation of companies and capacity.

Four months ago, Krupp

## Thyssen restructuring may bring merger of steel units

By Christopher Parkes in Bonn

THYSSEN, Germany's biggest steel maker, is examining urgent economy measures which could lead to the merger of its two main steel subsidiaries.

Following inconclusive negotiations with Krupp on co-operation in special steel manufacture, which ended last month, the group immediately started "intensive talks" on the possibility of internal co-operation, it said yesterday.

Group profits fell 25 per cent in 1991, the third consecutive decline, mainly because of difficulties in international steel markets, which were underlined yesterday by the announcement that British Steel is to close its works in Runcorn, Scotland, with the loss of 1,230 jobs.

A report containing "several different concepts" will be presented to the Thyssen supervisory board on January 17, a spokesman said. These include possible collaboration in marketing, manufacture and buying. Talk about merging

Thyssen Stahl and the loss-making special steels company, Thyssen Edelstahl, was "speculation".

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## Olivetti to seek further 2,500 job cuts in Italy

By Halg Simonian in Milan

OLIVETTI, the loss-making Italian computers and office equipment group, yesterday announced it would be seeking a further 2,500 redundancies in its Italian workforce in a further bid to reduce costs.

Olivetti, which reported a L73.7m (\$61.82m) interim loss last year, has already won agreement for 3,500 lay-offs, shrinking its workforce to around 47,000. Some 3,000 of the redundancies will come through a state-backed early retirement scheme, while the remaining 500 will be offered alternative public sector employment.

However, Mr Carlo De Benedetti, the group's majority shareholder, who returned to full-time management control last November, has stressed the need for further savings if Olivetti is to survive the current crisis in the world information industry.

Mr De Benedetti has not hidden his pessimism about prospects for economic recovery this year and has been harshly critical of Italy's declining industrial competitiveness.

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## Dixons reports strong Christmas

By John Thornhill in London

MR Stanley Kalms, chairman of Dixons Group, the electrical retailing company, yesterday reported a strong Christmas trading period in the UK with sales increases in their "mid-teens" but said it was too early to tell whether this upturn in consumer spending would be sustained.

"I would like to think, so but I do not think we can actually say so," he said.

"There is more consumer confidence out there than you might imagine. Parts of the country are bouncing with enthusiasm, such as Scotland and the north-east (of England)."

However, the uplift in sales fell outside the company's first half trading period and could

not save it from reporting a sharp fall in interim pre-tax profits from £27.5m to £17.5m.

A revitalised performance in the UK was more than offset by steeping losses at its US Silo chain and a reduced contribution from property development.

Nevertheless, analysts were cheered by the news of Christmas trading, and Dixons' shares rose 13p to 205p.

The analysts suggested that Dixons had been one of the first companies to feel the effects of the downturn in consumer spending in 1991 and might be one of the first to emerge from recession.

Group sales in the 28 weeks to November 9 rose from £512.1m to £539.1m.

Earnings per share fell sharply from 3.4p to 1.8p. The interim dividend was held at 1.6p.

The UK contributed £537.5m - a 5 per cent improvement. Profits grew markedly from £11.9m to £20.5m reflecting better stock control and management systems and the growing proportion of sales accounted for by the Currys edge-of-town superstores which have superior cost ratios to the Dixons high street stores.

As in the past two years, the UK profits figure included £5m released from the surplus on its extended warranty fund. A similar sum is expected to be released in the second half but will not be repeated next year.

Dixons' Silo business in the

US suffered an escalation of losses in the face of the severe recession growing to £10.3m from £2.3m.

Profits on property development were £3.1m, down from £9.8m and interest receivable also fell from £7.3m to £3.9m.

Dixons announced a management restructuring with Mr John Clare, currently managing director of Dixons State Group, becoming group managing director, and the creation of a retail director.

Hosting a rare press conference, Mr Kalms, 60, pre-empted the obvious question by saying: "No, I am not retiring." Rising losses in US, Page 15. Olympian ambition, Back Page Lex, Page 12.

## Chrysler unveils top-range LH vehicles

By Kevin Done, Motor Industry Correspondent, in Detroit

CHRYSLER, the smallest of the big three US vehicle makers, yesterday unveiled a new generation of large executive saloon cars, the result of a \$150m development programme.

The so-called LH project is one of the most ambitious new product programmes ever undertaken by Chrysler, and marks its first all-new car programme for more than a decade.

The cars, to be launched in the autumn in North America, as the Chrysler Concorde, Dodge Intrepid and Eagle Vision, are aimed at re-establishing Chrysler in the heartland of the US market for mid-size and full-size executive cars, where it has lost considerable market share with its present out-dated products.

The LH cars will play a crucial role in the company's fight for survival as an independent carmaker in the first half of the 1990s, and are the keynotes of an ambitious new product offensive unveiled this week.

Chrysler is planning to spend around \$16.6bn from 1991 to 1995 on new product development and the modernisation of its facilities, and is

aiming to replace all of its car range by 1996.

The top-of-the-range LH cars will be vital to the company's attempt to restore its credibility as a carmaker to match its success in the light truck market, where it has established a leading position as a maker of multi-purpose vehicles (MPVs) such as the Chrysler Voyager) and four-wheel drive vehicles, such as the Jeep Cherokee.

It has lost ground alarmingly in the US car market, however, where it was relegated to fifth place for the first time in 1991 behind both

Honda and Toyota of Japan. Its share of US new car sales dropped to 8.5 per cent from 9.2 per cent a year ago, while Honda increased its share to 8.8 per cent in 1991 from 8.1 per cent in 1990, and Toyota boosted its share to 8.0 per cent from 8.3 per cent. Chrysler's car sales fell by 18.4 per cent to 703,518.

Production of the LH range is due to begin at Chrysler's Bramalea, Ontario, assembly plant in June, and Mr Robert Lutz, Chrysler president, said the company was eventually aiming at a production of more than 300,000 cars a year.

## Burda forecasts record profits on 8% sales gain

By Christopher Parkes

THE AGGRESSIVE Burda publishing group yesterday forecast record profits and an 8 per cent increase in sales for 1991. Turnover, which has more than doubled in the past five years, would reach DM1.35bn, (\$881m), the company said in an informal review of the last year.

Claiming a 15 per cent share of the newly-opened magazine and newspaper market in east Germany, the company announced a DM600m, five-year investment programme. Half the total will be spent on

expanding its five print works.

The owner, Mr Hubert Burda, traditionally ploughs back all profits - expected to be DM75m in 1991 - into new plant and publications.

In the past year, it has bombarded easterners with a range of lurid full-colour newspapers and magazines such as Super-Zeitung, which now sells 500,000 a day, matching the east German circulation of the long-established Bild.

Burda opened a new print works in Berlin in a joint venture with News International.

## Foreign exchange activity lifts Banca del Gottardo

By Ian Rodger in Zurich

NET PROFIT of Banca del Gottardo, the Lugano-based Swiss bank in which Japan's Sumitomo has a majority stake, rose 9.5 per cent to SF7.65m (\$53m) in 1991, thanks to strong activity in foreign exchange business, a satisfactory trend in interest margins and exceptional contributions from recent acquisitions.

The directors proposed maintaining the 30 per cent dividend, equal to SF7.40 per share or participation certificate.

Cash-flow was up 34 per cent to SF710m. The bank was thus able to carry on with its policy of recapitalising new investments and covering exposure towards risk countries. Provisions and depreciation allowances were up 60 per cent to SF75m. The bank said that difficulties in the Swiss property market had only a "minor" impact.

Total assets rose 8 per cent to SF7.4bn.

Despite a decline in the number of its subsidiaries, the bank estimates that its consolidated net profit will exceed 1990's SF75m.

## DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) DESIGNATED COUPON NO. 84 (ACTION REQUIRED ON OR PRIOR TO APRIL 30TH, 1992)\*\*

Chemical Bank, as Depository (the "Depository") under the Deposit Agreement dated as of February 15th, 1970 among Tokyo Shibaura Electric Company Limited (the "Company"), the Depository and the holders of European Depository Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, per value \$0.10 per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 5 Yen per share of Common Stock.

The Dividend on the shares of Common Stock on record of Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Receipts taxes, has been received by the Custodian as per the rate of 128.83079 Yen per United States Dollar or the rate of 128.83079 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaysia, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised elsewhere meeting certain conditions relating to the carrying on of trade or business in Japan. Persons so entitled to a 15% tax withholding will be paid a dividend on which a 30% tax withholding rate has been applied.

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the successor of Coupon No. 84 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depository or its Depository Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 84. Such certificates may be forwarded by the Depository to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depository in London or at the office of any Depository Agent listed below upon surrender of Coupon No. 84.

### DEPOSITORY AGENTS

NAME	ADDRESS
Chemical Bank	Frankfurt, Germany
The Bank of Tokyo Limited	London, England
The Bank of Tokyo Limited	Paris, France
The Bank of Tokyo Limited	Brussels, Belgium
The Bank of Tokyo Limited	Frankfurt, Germany
Pierres Holdings & Pierres	Amsterdam, The Netherlands
Banco Nacional del Lavoro	Rome, Italy
Banco Nacional del Lavoro	Milan, Italy
Kreditanstalt S.A. Luxembourg	Luxembourg



## INTERNATIONAL CAPITAL MARKETS

## Two long-dated Ecu deals help to push down prices

By Tracy Corrigan

TWO long-dated deals in the Ecu bond market, coupled with rumours of further supply, overstretched existing demand in the sector, pushing secondary market prices down slightly.

An Ecu750m, 15-year deal for Finland, via UBS Phillips & Drew, suffered from concern about the borrower's credit rating, currently under review by Moody's.

The country's economic problems are pushing its funding needs higher. However, the deal was considered fairly priced.

Société Nationale des Chemins de fer Français, the French national railway, issued Ecu400m of 15-year bonds, priced to yield 8.49 per cent, which was considered rather aggressive.

The launch spread tightened from 6 basis points to 6 basis points above the French Treasury's comparable Ecu OAT.

The deals were not unsupervised; there is virtually no Ecu swap market beyond 10 years.

Dealers had reported strong demand at the longer end, but rumours of more supply at 10 years induced fears that the market would become clogged.

Last summer, the market

effectively closed for several months after it failed to absorb a deluge of new issues in the spring. The total supply so far this year is still relatively small.

In the event, Belgium, which was rumoured to be looking at the Ecu market, is likely to access the D-Mark sector later this month instead, with a DM500m five to 10-year deal.

However, Norway and Italy are also said to be eyeing the sector.

In the dollar sector, demand for the World Bank's \$1.5bn 10-year global offering, officially launched yesterday, continued to outstrip supply.

Dealers expect the deal to be priced at the low end of the indicated range of 15 basis points.

Elsewhere, CIA Hering, a Brazilian textile and food company, brought a \$50m private placement of two-year bonds, priced to yield 8.35 basis points over the comparable US Treasury market. The deal was arranged by ABN Amro.

The dollar sector is proving an attractive source of fixed-rate funding for borrowers keen to lock in historically low interest rates. However, most US companies can still raise funds more cheaply in the US market.

Philip Morris Capital Corporation and BOC raised \$200m and \$150m respectively of five-year bonds, both via CSFB.

Meanwhile, two UK companies, Tesco, the retailer, and Southern Electric, the utility, raised \$200m and \$150m respectively in 10-year bonds.

The Tesco deal was consid-

ered aggressively priced at 80 basis points above the curve, while the Southern Electric offering was considered more attractively priced at 70 basis points over the curve.

Swaps opportunities into floating rate sterling are proving relatively attractive, but demand for bonds could be curtailed by concern about the weakness of sterling which is bumping on the bottom of its exchange rate mechanism band.

Late in the day, the Leeds Permanent Building Society launched a £100m two-year deal via NatWest Capital Markets.

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## Toronto recommends automated trading

By Bernard Simon in Toronto

THE TORONTO Stock Exchange has recommended, after several years of hesitation, that all equity trading on North America's busiest bourse after New York be automated within the next 12 months.

The board of governors' recommendation is likely to be approved at a meeting of members on February 13.

Mr Michael Edwards, the Toronto Stock Exchange chairman, said that an electronic trading system would "substantially increase productivity for member-firms, reduce potential for misunderstanding and error, and significantly reduce the cost of trading."

However, the strong feelings aroused by the decision were quickly apparent when one of the exchange's 240 traders loudly heckled an official who announced the plans on the exchange's floor.

Floor traders, supported by several powerful firms, have over the years resisted efforts to move trading to the exchange's Computer-Assisted Trading System (Cats).

Cats is used for about half the 1,138 companies listed on the Toronto Stock Exchange, but it accounts for only 20 to 25 per cent of trading volumes.

The decision will end equities trading on the 30,000 sq ft floor in the heart of Toronto's financial district to which the stock exchange moved eight years ago.

Face-to-face trading will continue, however, for options and futures at a location which has yet to be decided.

The Toronto Stock Exchange traded 5.5bn shares valued at C\$67.7bn last year, accounting for about three-quarters by value of trading on Canada's five stock exchanges.

The credit quality of Canadian companies is expected to erode further in 1992 as downgrades continue to outpace upgrades, but the pace of downgrades may be slowing, analysts at rating agencies said.

Analysts most at risk include retailers, steelmakers and natural resource companies.

## Treasuries climb after early losses

By Patrick Harverson in New York and Sara Webb in London

US BOND prices were higher at mid-session yesterday, having recovered from early morning losses on overseas markets triggered by news of President George Bush's collapse at a dinner in Tokyo.

By midday, the benchmark 30-year government bond was

up 3 at 107 7/8, yielding 7.375 per cent. The two-year note was also firmer, up 10/32, yielding 6.614 per cent.

The long bond had weakened in Tokyo and London when Mr Bush's health problems were announced, but confirmation that he was only suffering from intestinal flu helped calm the New York market's nerves and prices rallied.

Attention switched to the afternoon auction of seven-year notes, which was expected to go well, and to tomorrow's December employment report.

Speculation that the fall in the jobs total may be bigger than market forecasts of 50,000 to 100,000 provided further support for Treasuries at both ends of the maturity range.

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were dominated by activity in the Ecu sector yesterday, Ecu bond prices fell after the launch of two large 15-year Ecu bond issues – an Ecu 750m issue from the Republic of Finland with a coupon of 8 1/4 per cent and an Ecu 400m issue from SNCF of France with a coupon of 8 1/2 per cent. The Ecu bond due 2001 moved from 8.35 per cent to 8.41 per cent.

The German government bond market slipped on profit-taking. The Liffe bond futures contract opened at 88.01 but after peaking at 88.04 fell to 87.68 and ended the day at 87.50.

Traders reported some switching out of the Dutch government bond market into French government bonds ahead of Friday's release of Dutch inflation figures. Most analysts are forecasting a Dutch inflation rate of between 4.9-5.2 per cent for December.

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## BENCHMARK GOVERNMENT BONDS

	Coupons	End Date	Price	Change	Yield	Week Ago
AUSTRALIA	12.000	11/01/91	101.2802	-0.0002	8.42	8.39
BELGIUM	8.000	06/01/91	101.8000	+0.0050	8.75	8.80
CANADA	8.500	04/02/91	104.4500	+0.0000	7.95	8.15
DENMARK	8.000	06/01/90	100.2500	+0.0000	8.00	8.00
FRANCE	8.500	11/01/91	98.2400	-0.0000	8.80	8.62
GERMANY	8.25	05/01/91	101.4800	-0.0000	8.01	8.01
ITALY	12.000	03/01/91	97.5800	-0.0000	12.44	12.30
JAPAN	No 118	4.800	98.6689	+0.0000	5.58	5.64
No 128	8.400	10.1200	100.1958	-0.0236	5.32	5.36
NETHERLANDS	8.500	03/01/91	100.2100	-0.0000	8.48	8.50
SPAIN	11.000	07/08/91	100.7780	+0.1000	11.51	11.56
UK GILTS	10.000	11/01/91	100.2829	+0.0000	8.85	8.85
YUGOSLAVIA	8.000	11/01/91	98.0000	-0.0000	9.27	9.27
US TREASURY	8.000	11/01/91	105.15	+0.52	8.74	8.72
	8.000	11/21/91	107.13	+0.52	7.45	7.45

London closing, \*varies New York morning session

Yield: Local market standard

Price: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Services

Europe yesterday, in the absence of any such commitment.

The March futures contract fell from 103.32 to 103.24 while the yield on the benchmark No 129 moved from 5.28 per cent to close at 5.32 per cent in Tokyo.

Traders noted some buying of the 20-year maturity bonds and said these appear cheap relative to the 10-year maturities.

Today, the Ministry of Finance is expected to auction about Y\$600m of 10-year bonds, about Y\$22.8 on Tuesday to Y\$24.7 in

## Morgan Stanley awarded CVT status in France

By Richard Waters

MORGAN Stanley, the US investment bank, has become one of only five correspondants en valeurs du trésor (CVTs), or brokers in government bonds, appointed by the French government.

The approval stops short of full specialist en valeurs du trésor (SVT) status, under which banks act as primary dealers in French government securities.

Morgan, which has an investment banking presence in Paris, said it hoped to set up a new separately-capitalised securities operation in the coming months to take advantage of its new status.

The operation is expected to develop in a wide range of French securities. The move to become a CVT is expected to be a prelude to the bank seeking full SVT status.

## G7 companies' profits expected to fall

By Peter Martin

STOCK MARKET analysts have cut their profit forecasts for both 1991 and 1992 for companies in the seven leading economies, according to the IBES research service, based in New York.

The IBES survey was carried out at the end of December by adding together thousands of individual company earnings forecasts from analysts around the world.

In all the G7 countries except Germany, profits are forecast to fall in 1991, by as much as 21.9 per cent in Canada, 11.4 per cent in the UK and 9.8 per cent in the UK. German profits are forecast to rise by 1.5 per cent in 1991, while those in France are expected to be below the level of two years before.

In all the other countries, where the figures are based on calendar years, 1992 profits are expected to be higher than in 1991, though often by small amounts after allowing for inflation.

In Japan, where the forecast for profit growth in 1992 is particularly weak – only 4 per cent – profits for the corporate year that ends in March 1993 are expected to be below the level of two years before.

Analysts most at risk include retailers, steelmakers and natural resource companies.

amounts after allowing for inflation.

At the end of December, price-earnings ratios based on 1992 earnings were higher in three countries – Canada, Italy and the US – than at the end of September. A higher p/e ratio is usually taken to mean that stock prices are more "expensive" than they were. P/e ratios were unchanged in Germany and the UK and lower in Canada, Italy and Japan.

Forecasts for both periods

have been reduced, most sharply in Canada and Italy.

In Japan, where the forecast for profit growth in 1992 is particularly weak – only 4 per cent – profits for the corporate year that ends in March 1993 are expected to be below the level of two years before.

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Forecasts for both periods

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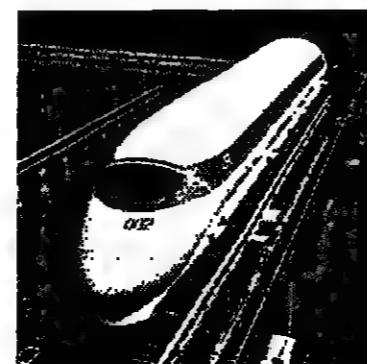
Toshiba is active also in everything from semiconductors to computers to power plants.

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In Touch with Tomorrow

**TOSHIBA**

## UK COMPANY NEWS

## Dixons hit by rising losses in US

By John Thorhill

DIXONS GROUP, the electrical retailing company, yesterday confirmed it had joined that unhappy throng of UK retailers which have invested heavily in the US market without making a reasonable return.

Silo, its US chain acquired for £240m in 1987 and which operates 230 stores in 29 regional markets, yesterday revealed that losses had accelerated over the past six months from \$2.3m to \$10.5m.

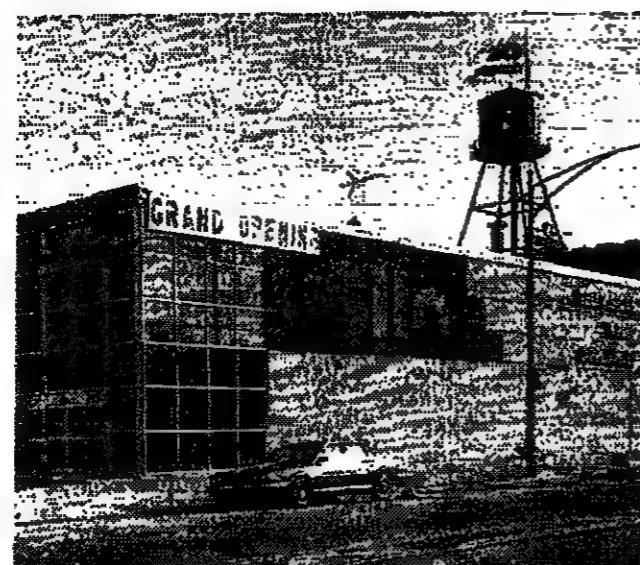
In spite of the company's promise that "determined action" would be taken to ensure a return to profitability, it is hard to see that the position can be quickly reversed. Dixons forecast that Silo would remain in loss in the second half.

The severe retail recession has, of course, been the prime cause of Silo's difficulties and although overall turnover rose from \$245.3m to \$268.3m sales on a same-store basis showed a 5 per cent decline.

Dixons has long promised drastic remedial action to turn Silo round but the problem only appears to have become progressively worse.

Mr Stanley Kainas, chairman, argued yesterday that Dixons could apply the lessons it had learned from revitalising its UK operations.

We have battled against and overcome these problems



Silo: expected to remain in loss in the second half

in the UK and we have learned how to manage costs and margins when sales are flat. I have no doubt that the benefits of this performance can be used to return to profitability in the US," he said.

"We are basically running the same business on both sides of the Atlantic. Silo and Currys have more in common than Currys and Dixons in the UK," he added.

## United Energy in £7.3m counter offer for AmBrit

By Richard Gourley

UNITED ENERGY, the USM quoted oil and gas group, has made a recommended offer for AmBrit International which values the oil and gas exploration company at £7.3m and its loan stock at £1.1m.

The 9-for-30 offer values each AmBrit share at 11.1p while the 51 United Energy for £16 nominal loan stock offer values each £1 of loan stock at 1.26p.

United Energy's white knight offer comes a day before the closing date of a hostile bid from Pittencrieff, the Scottish oil production and communications group.

Pittencrieff now has until 5 pm today to announce whether it plans to extend its offer period in order to make a higher bid to counter United Energy. Mr Michael Monroe, Pittencrieff chairman, said that United Energy's offers were "extremely generous".

The United Energy offer

includes a cash alternative of 69p per AmBrit share and 102p per £1 nominal of AmBrit loan stock which values the whole of the AmBrit share capital at £5.8m and the loan stock at £300,000.

AmBrit directors holding 6 per cent of the stock have agreed irrevocably to accept the recommended offers and holders of 6.7 per cent of this stock have agreed irrevocably to take new United Energy shares.

Henry Ausbacher, the merchant bank, said the final offer compared with Pittencrieff's final offer for each AmBrit share of 69p cash or the equivalent of about 6.8p in new Pittencrieff ordinary shares.

Mr Paul Lester, AmBrit chairman, said the merger was "far better for our shareholders and employees than the hostile and inadequate offer from Pittencrieff".

## DECLARATION OF DIVIDENDS

## UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the undemanded dividends, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of RS 1.372 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 1 January 1992, as advised by the company's South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:

Name of Company (All companies are incorporated in the Republic of South Africa) Dividend No Date Dividend Declared (1991) Amount per share

Gold Fields of South Africa Limited (convertible into 100,000 cumulative preference shares) 15 5 December 28.22549p

De Beers Gold Mining Company Limited 18 10 December 29.9588p

De Beers Consolidated Limited 37 10 December 12.655281p

Kool Gold Mining Company Limited 44 10 December 7.78634p

Gold Fields Coal Limited 157 12 December 11.67951p

per pro GOLD FIELDS CORPORATE SERVICES LIMITED London, Secretary S.J. Dunning, Secretary

United Kingdom Registrar, Barclays Registers, Bowes House 34 Becketham Road Becketham, Kent, BR5 4TU

8 January 1992

## Bergen Bank A/S

Up to Yen 2,000,000,000 Inverse Floating Rate Notes due 1992

of which Yen 1,000,000,000 is issued as the initial tranche (The Series B Notes) and

Up to Yen 2,000,000,000 Floating Rate Notes due 1992

of which Yen 1,000,000,000 is issued as the initial tranche (The Series D Notes)

For the twelve months

3rd July 1991 to 3rd July 1992

The rate of interest for the Series B Notes has been fixed at 5.55 per cent per annum and that the interest payable on the interest payment date 3rd July 1992 against Coupon No. 3 will be Yen 5,550,000 per Yen 100,000,000 Note.

In the same manner the rate of interest for Series D Notes has been fixed at 7.25 per cent per annum and the interest payable on 3rd July 1992 against Coupon No. 3 will be Yen 7,250,000 per Yen 100,000,000 Note.

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and forwards

and swaps

## UK COMPANY NEWS

## Rescuers of The European stay away from relaunch

By Raymond Snoddy

CHARLES Garside, the new editor and general manager of *The European*, made an important forecast yesterday: "There will be no pictures of the Barclay brothers" in his new product, in this week's issue.

"Did you ever work for Bob [Barclay]?" it's so refreshing to have someone who doesn't want their pictures in the paper," said Mr Garside.

Neither Mr David nor Mr

Frederick Barclay, the owners

of hotels and ships and now a

weekly newspaper, turned up

yesterday at the press conference to announce formally that

*The European* was back in

business.

But Mr Alan Chamberlain,

the new managing director,

promised that the pan-European newspaper, the first large

piece of wreckage to float free

from the wreckage of the Maxwell empire, would be highly successful.

Mr Chamberlain said he

would be producing business

plans for the first three weeks,

three months and three years.

For the first three weeks the

aim would be to get a two-section

paper out using journal-

ism on a freelance basis. Then

the hiring of staff on proper

terms would begin and

then the paper's third section,

would return as soon as possible.

The Barclay brothers, read-

ers of *The European* who

spent most of their time in

Monte Carlo, have taken on

none of the newspaper's debt

and have bought just the title

added.

Charles Garside (left) and Alan Chamberlain: aiming to be highly successful by running the paper as a business



Charles Garside (left) and Alan Chamberlain: aiming to be highly successful by running the paper as a business

and the equipment needed to produce it.

"We are going to run it like a business. The problem was that it was run as a paper with 20 times the revenue it actually had," said Mr Garside.

The new editor also thanked collectively what he said were the thousands of readers who had written in expressing support. "We didn't have the money to pay for the stamps to write to them," Mr Garside added.

extra turnover and placed the company in a strong position for the coming year. Turnover advanced to £4.07m (£3.8m).

Tax was little changed at £265,000 (£260,500) leaving earnings per share at 8.39p (4.77p). A maiden interim dividend of 0.75p is declared.

## Alexanders profits skid to £701,000

ALEXANDERS Holdings, the largest Ford main dealer in Scotland, finished the year to September 30 with a pre-tax profit of £701,000, compared to £1.9m previously.

As promised at the halfway stage, the dividend is held at 1p. Earnings per share have fallen from 3.59p to 1.18p.

Mrs Aleksandra Clayton, chairwoman, said the year had been characterised by the deep recession and record bankruptcies, many in the motor sector. Group sales fell to £85.4m (£92.7m).

However, the group continued to pursue a progressive medium term strategy. That was evidenced by the enhancement of facilities at Edinburgh and Kirkintilloch, and the provision of new premises at Greenock.

She said additional directors would be appointed in 1992 and that would represent the next key phase in the business strategy and plan to optimise profit and growth as the economy recovers.

Since almost doubling its profit to £1.73m in the year 1987-88 the group has shown a steady increase.

The setback this year follows a £500,000 reduction at the halfway stage.

## Used cars and after sales work curb Reg Vardy decline to 4%

By Jane Fuller

GROWTH IN the sales of used cars and in repairs and servicing helped to cushion Reg Vardy, the motor dealer, against the falling new car market in the six months to October 31.

Pre-tax profit slipped 4 per cent to £2.02m (£2.1m) on a near £2m increase in turnover to £95.6m. Interest costs rose to £721,000 (£651,000), although debt of £4.3m was wiped out in October by a £12.9m placing and open offer.

Nearly £2m has been invested in a Nissan dealership after Vardy won the first franchise from the Japanese manufacturer's new distribution company.

The Tyne and Wear-based group announced its results as the UK industry was digesting dismal figures showing that new car sales fell by 21 per cent to 1.59m units in 1991, nearly a third less than the 2.3m record set in 1989.

Mr Peter Vardy, chairman and holder of 53 per cent of the equity, reckoned that the new car market would start to grow again this year, gaining perhaps 10 to 12 per cent.

However, because of political uncertainty ahead of the Budget and the general election, the recovery would not benefit the group in its current financial year.

He also estimated that interim pre-tax profits would have been about £500,000 higher had it not been for finance companies and banks tightening up on credit. "We used to get 80 to 85 per cent of deals accepted by finance companies; in this period it was 80 to 85 per cent." He claimed the sale of 1,300 new cars had been lost.

The bulk of Vardy's customers are individuals rather than companies. Mr Grahame Potts, managing director, said that three or four years ago, sales of new and used cars were roughly equal, now the ratio was three to one in favour of used vehicles in the private market.

Compared with the first half of last year, used volume car sales were 13 per cent up, compensating for a 7 per cent fall in new car sales. Altogether the group sold 12,385 (11,885) units from 31 outlets.

The interim dividend is increased to 1.3p (1.2p), a rise of 8 per cent.

### BOARD MEETINGS

The following companies have notified dates for their next board meetings. Prices are for electricity determined for the purposes of electricity trading and delivery to England and Wales.

Published Price for Trading on 12/12/91

Final Price for Trading on 12/12/91

Post price

## COMMODITIES AND AGRICULTURE

## Iraq-UN talks depress oil price

By Deborah Hargreaves

**OIL PRICES** tumbled yesterday to the lowest levels since the end of the Gulf war last February as traders reacted to the prospect of the return of Iraqi oil to the market. The price of North Sea Brent crude for February delivery fell \$1.12% to \$17.05 a barrel.

An Iraqi delegation met officials from the United Nations yesterday in Vienna for the first of two days of talks on a resumption of Iraqi exports, which up to now has been blocked by a UN embargo.

The talks, which have been described as "constructive" by a UN official, are seeking a compromise under which Iraq

could export \$1.6bn-worth of oil to raise cash for humanitarian purposes. On Monday President George Bush was rumoured to have relaxed conditions attached to the sale.

The possibility of an Iraqi return to the international market has further depressed an already weak market. Prices have declined by almost \$5 a barrel in the past six weeks as winter weather in the west has remained unusually mild.

Gas oil, the traditional European heating oil, slipped by \$10 a tonne yesterday to \$156 a tonne. Companies and consumers had built stocks in anticipation of a harsh winter and a

rapid decline in deliveries from the former Soviet Union, neither of which materialised.

The collapse in oil prices has prompted calls from some smaller producers in the Organisation of Petroleum Exporting Countries for an emergency meeting to cut production. Open members have been producing flat-out to compensate for the absence of Iraqi and Kuwaiti oil.

In an interview with a government newspaper yesterday, Mr Osama al-Hilti, Iraq's oil minister, accused Saudi Arabia and the United Arab Emirates of flooding the market to keep prices low "in service to the US economy".

## Reynolds predicts further cuts in aluminium capacity

By Kenneth Gooding, Mining Correspondent

**PRIMARY ALUMINIUM** production outside the former communist countries is likely to fall by more than 3 per cent this year and further capacity cuts must be expected, says Mr Lloyd O'Carroll, corporate economist at Reynolds Metals, the second-largest US aluminium group.

He suggests in a report prepared for Reynolds that another 200,000 tonnes of capacity – equivalent to one large smelter – will be shut this year on top of the 220,000 tonnes of cuts already announced as the west adjusts to the steep increase in exports from the former Soviet Union.

Mr O'Carroll sees western world aluminium output falling from an estimated 14.75m tonnes last year to 14.34m tonnes in 1992 before recovering to a record 15.2m tonnes in 1993.

He suggests that exports to the west from the former Soviet Union will ease back a little, from about 900,000 tonnes in 1991 to 700,000 tonnes this year. This will help reduce total supply by 5 per cent, from 15.9m tonnes to 15.1m tonnes.

Meanwhile, demand in the west, which levelled off last year, is forecast to resume its growth and increase by 4 per cent in 1992 to 15.57m tonnes

and then by another 7 per cent in 1993 to 16.65m tonnes.

He estimates that western world aluminium consumption last year would have remained at the 1990 level had it not been for the unification of Germany. The old East Germany accounted for all the 80,000 tonnes, or 0.5 per cent, rise.

The forecast increase in demand in 1992, the production cuts and a small fall in Soviet exports will push stocks down by 350,000 tonnes for a "modest" improvement in the supply-demand balance, Mr O'Carroll says.

He estimates that at the end of 1991 stocks were about 1m higher than in December 1990 at 3.25m tonnes or roughly 80 days of supply – the highest since 1985. This implies that without the Soviet exports the supply and demand would

have been roughly in balance last year.

He points out that there is a great deal of uncertainty at present about aluminium supply and demand. "The additional production tonnage cut and timing of those cuts is unknown. Additionally, relatively little is known about the Soviet situation. Depending on what one believes about those two elements, one could be either somewhat more pessimistic or much more optimistic about our own forecast."

Mr O'Carroll admits that a separate "western world" classification for the aluminium industry is becoming an outdated concept. But "unfortunately, statistical data from the former communist countries is not sufficient in either quantity or quality to perform a true world analysis".

## Date set for sugar's return to floor trading

By Our Commodities Staff

**RAW SUGAR** futures at the London Futures and Options Exchange will revert to floor trading on January 17.

The market moved from open-outcry trading on to the exchange's screen-based system on January 11 last year in an attempt to reverse a worrying decline in the number of lots being traded. The move was encouraged by the con-

tinuing success of the screen-based white sugar contract, launched in 1987.

However, raw sugar trading failed to revive after the switch and, after studying returns from a questionnaire distributed to members of the sugar market, the exchange decided in September that it should return to the floor.

Mr Michael Overlander, the

chairman of the London sugar market committee, said yesterday that five sugar trading companies and an assortment of locals (traders operating on their own account) would staff the raw sugar floor.

Traders said the five companies were Sucden (UK), Refco Overseas, GNL, Credit Lyonnais House and Piereson ICS.

Analysts suggested the metal's price had some way to fall before it reflected the true state of supply and demand in the market.

For much of last year the price was held up in a market support operation by Sumitomo, the Japanese trading house, but this support has now apparently been removed.

Copper for delivery in three months touched \$1.49.50 a tonne at one point yesterday before it recovered to close at \$1.158.75, down \$2.50 on Tuesday's close. The price has

## Banana producers seek accord on EC access

Canute James reports on moves for a joint Caribbean/Latin American stance

**W**ITH LESS than a year to go to the end of the European banana market is deregulated, Caribbean producers, who are seeking a continuation of trade preferences, and Latin American exporters, who are opposed, will meet tomorrow to discuss a common approach.

The meeting, to be held in Belize, follows discussions at a recent Central American summit in Honduras. Mr George Price, the prime minister of Belize, which is a member of the Caribbean Community, said the Latin American leaders were "sympathetic" to the concerns of the Caribbean producers, and to their fears of losing their European market share to Latin American fruit.

In spite of this, Mr Price said the Latin American producers were "lined up for a tariffication solution" in the European banana market. There was, however, an indication from the Latin American producers that they would support a special mechanism to protect Caribbean bananas.

"We are cautiously optimistic that with the goodwill displayed to date, a positive signal can be sent from this meeting," Mr Price said.

That the meeting is being convened is significant, given the degree of hostility that Caribbean producers have displayed towards the Latin American exporters. A recent

offer by Chiquita Brands, one of the leading Latin American producers, to co-operate with the Caribbean states in finding an acceptable approach to the European market was immediately dismissed by Mr John Compton, the prime minister of St Lucia.

The Caribbean states are still hoping that since they will be unable to compete with

deregulation of the European market should not place any of the producers "in a less favourable situation than in the past or present".

The challenge remains about reconciling the European Community's obligations to the producers with the single market, said Mr Anthony Fairclough, a special adviser to the European Commission.

Caribbean leaders argue that in spite of the small size of their industry, it represents the main economic pillar of

"hallmarks of civilised society", and suggests that "Europe must realise that cheap bananas have a social cost to the people of the countries in which these cheap bananas are produced".

Unless there is an early indication of what the EC proposes, the Caribbean banana industry could lose out as marketing companies, such as Chiquita, where for supplier, Mr Tony Bourne, a director of Great Industries, which markets Windward Islands bananas, said there are "unprecedented difficulties for the marketing plans in the current state of uncertainty. The implications that the company may be forced to look to other sources, such as Latin America."

This Friday's meeting notwithstanding, there is underlying disagreement between the Caribbean and Latin Americans about the best solution to the EC's dilemma. According to Mr Jorge Ascension, an adviser to the Guatemalan economy ministry, the Guatemalan government thinks the Community has to abide by its principle to create a totally free market, based on free trade and with no protection or subsidies.

"It is outrageous that Latin American producers are not able to sell bananas to Spain, which is their historic colonial power," Mr Ascension said.

## Caribbean growers, with their small plots and higher wage bills, cannot compete with the Latin Americans' large plantations and low costs

several countries, and failure to protect the region's market share after the end of this year would cause severe social and political damage.

The prime minister of St Lucia, however, by criticising the morality of banana production in Latin America. "The Caribbean producers will employ every diplomatic device to ensure that we maintain our position in the market and are not driven from it by unbridled competition in a playing field which is not on a means level, and where we compete at disadvantages by paying a living wage to our workers," Mr Compton argues.

He says trade unions and farmers' organisations are

both bullies and ruthless. But, he asked, "what other industry would criticise its customers? We must love our customers."

The supermarkets had taught the grower his job in marketing, "forcing him to produce a quality article packed and presented in such a way as to meet the demands of the discerning customer".

It was imperative, however, that producers grouped together to achieve sufficient size to deploy the marketing skills and finance the resources required to be the supermarkets' supplier.

## Farmers told to group together to market produce

By David Blackwell in Oxford

THE UK supermarkets, often castigated in the farming press, should be seen "not as an impediment, but as a neighbour", the Oxford Farming Conference was told yesterday.

St Alastair Grant, chairman of Argyll, owners of Safeway, told the 400 delegates that the size of the supermarkets led to pressure to find and develop new products. Whereas 30 years ago the average supermarket stocked 800 or so items, a typical store now stocked 15,000 items.

But farmers would have to become effective trading partners, Sir Alastair said. "As a John Lewis multiple retailer we cannot realistically deal directly with a vast number of raw material producers."

If the producers organised themselves into larger groups, increased size would give them more competence and clout in their trading relationships with both customers and their own suppliers.

"As a retailer, the last thing I want is a weak supplier," he said.

While well conceived, good value, quality products would always sell given an assured

supply, UK producers all too often missed market opportunities. "The enormous food and drink trade gap is the clearest evidence of this," he said, echoing remarks made by the prime minister at the conference dinner earlier this week.

Since the second world war two factors had held back the UK farming industry's marketing. First, agricultural policies had helped farmers prosper by concentrating on a narrow range of commodities. Second, the large size of a typical UK farm compared with those in Europe had enabled it to produce just enough cash flow to finance new equipment without having to co-operate with other producers.

The challenge now was to find new ways of both reducing input costs and adding value.

"To do this, farmers need to achieve critical mass both as buyers and sellers, and this will mean that new forms of organisation will be needed for all but the very largest farming enterprises," Sir Alastair said.

Mr Andrew Logan, a farmer and a founder of a farm production group in Fife, Scotland, said the supermarkets were

unlikely to carry out the strike threat.

Interruptions to supply have plagued the copper industry for some years but have become a much less important consideration during the recession.

Mr Philip Crowson, chief economist at the RTZ Corporation, the world's largest mining company, suggested recently that there should be enough copper at all its stages of production to satisfy demand.

This applies not just over the next few years but also in 1992, even when account is taken of present and prospective supply disruptions," he said.

Against this background, said Mr Crowson, "copper prices will tend to equate to the marginal cash costs of production of these mines which are sensitive to the balance between prices and costs".

## Copper price hits 1988 low but recovers on strike fears

By Kenneth Gooding

THE DOLLAR price of copper, the world's most heavily-traded metal, dropped to its lowest level since August 1983 on the London Metal Exchange yesterday. However, the fall was partly reversed in late trading by news that miners in Chile, the world's largest copper producer, might go on strike.

Copper for delivery in three months touched \$1.49.50 a tonne at one point yesterday before it recovered to close at \$1.158.75, down \$2.50 on Tuesday's close. The price has

fallen by \$26.50 a tonne or 2 per cent in the past three days.

Chile's Copper Miners' Confederation is threatening to strike if the government goes ahead with plans to speed up development of the country's natural resources by allowing private companies to take control of some of the ore reserves of Codelco (the state-owned Chile Copper Corporation).

Some analysts suggested the union was posturing and was

unlikely to carry out the strike threat.

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## MARKET REPORT

TRADERS WERE predicting a test of upside resistance in the aluminium market after a strong performance at the London Metal Exchange yesterday. They attributed the rise to a heavy bout of trade buying in the morning, and in spite of having to absorb a profit-taking in the afternoon, the three-month position closed 50.75 higher at \$1.43.25. Zinc prices continued their rally with the cash position adding the \$5 to Tuesday's \$1.1 rise. Traders explained that fears of a squeeze on supplies for February delivery, which had been easing, flared up again, prompting a wave of short-covering. At the London bullion market the scare about

the market's success of the screen-based white sugar contract, launched in 1987.

However, raw sugar trading failed to revive after the switch and, after studying returns from a questionnaire distributed to members of the sugar market, the exchange decided in September that it should return to the floor.

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Copper for delivery in three months touched \$1.49.50 a tonne at one point yesterday before it recovered to close at \$1.158.75, down \$2.50 on Tuesday's close. The price has

fallen by \$26.50 a tonne or 2 per cent in the past three days.

Chile's Copper Miners' Confederation is threatening to strike if the government goes ahead with plans to speed up development of the country's natural resources by allowing private companies to take control of some of the ore reserves of Codelco (the state-owned Chile Copper Corporation).

Some analysts suggested the union was posturing and was

unlikely to carry out the strike threat.

Interruptions to supply have plagued the copper industry for some years but have become a much less important consideration during the recession.

Mr Philip Crowson, chief economist at the RTZ Corporation, the world's largest mining company, suggested recently that there should be enough copper at all its stages of production to satisfy demand.

This applies not just over the next few years but also in 1992, even when account is taken of present and prospective supply disruptions," he said.

Against this background, said Mr Crowson, "copper prices will tend to equate to the marginal cash costs of production of these mines which are sensitive to the balance between prices and costs".

## London Markets

SPOT MARKETS

Raw Sugar – London POK (5 per tonne)

Crude oil (per barrel FOB) + or -

Dubai 144.40-4.450 -0.75

Brent Blend (kilot) 147.70-7.20 -1.30

Swart Blend (Fob) 147.70-7.20 -1.125

WTI (1 pt end) 147.00-4.100 -1.20

Oil products (per metric tonne CIF) + or -

Premium





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**London Store Prices**

## London Share Prices

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N. & P. Life Assurance Ltd				Prudential Capital Life Assc. Co Ltd				Royal Heritage Life Assurance Ltd - Contd.				Target Life Assurance Co Ltd				Executive Assurance Group				Knight Williams & Company Ltd			
2-2 Bedford Row, London, WC1R 4JL	071-439 2240			2 Berkeley Way, West, London, NW2 6TA	0284 740889			Shandor Life Assurance Co Ltd (a)				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Life Managed Fd.	110.0	111.4		UK Equity	124.7	125.7		Shandor Life Managed Funds				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Life Deposits Fd.	111.7	121.2		Int'l Equity	170.3	179.2		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Position Deposits Fd.	112.9	121.2		Int'l Equity	170.3	179.2		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
For National Fm & Target Life				Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
National Mutual Life				Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
The Priory, Priory Rd, Hockley, SS2 2DW	0462 422432			Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Investment Panels				Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
UK Equity	130.1	142.4		Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Dividend Interest	130.2	142.5		Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Interest Income	130.2	142.5		Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Dividend Profits Fd	130.3	142.5		Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Corporate Profits Fd	130.3	142.5		Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
Corporate Income Fd	130.3	142.5		Property Fd.	124.7	125.7		Shandor Managed Fund				Executive Life Assc. Ltd				Executive Life Assc. Ltd				Albert Heijn, Sta. Expeditie, St. Peter Port			
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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Sterling slides against D-Mark

Sterling continued to slide against the D-Mark on the foreign exchange markets yesterday, falling close to its "floor" within the European exchange rate mechanism.

From a close of DM1.6450 on Tuesday, the UK currency had fallen to DM1.6350 by late morning, dragged down by the weakness of the US currency and just on the limit of its permitted divergence range from the D-Mark.

From this level sterling proved unable to sustain a rally and remained weak through the afternoon session.

This weakness occurred as the US currency was firm or rising, demonstrating that the fortunes of sterling are not tied to the US currency.

Earlier this week, analysts were ascribing sterling's weakness within the ERM to the fall of the dollar, since any decline in the value of the US currency was likely to benefit the D-Mark. However, yesterday's sterling weakness indicated that it can fall while the dollar is gaining against other European currencies.

At 4pm in London, the closing time used by the Bank of England to calculate sterling's position within the ERM, the UK currency stood at DM2.8350, the lowest close price against the D-Mark since sterling joined the system.

## E IN NEW YORK

Jan 8	Last	Previous Close
1.6795-1.6740	1.6740	1.6760-1.6760
1.6760-1.6730	1.6730	1.6760-1.6760
1.6730-1.6700	1.6700	1.6730-1.6730
1.6700-1.6650	1.6650	1.6700-1.6700

Forward premiums and discounts apply to the US dollar.

## STERLING INDEX

Jan 8	9.5	Previous
1.6795	9.1	9.1
1.6760	9.1	9.1
1.6730	9.1	9.1
1.6700	9.1	9.1
1.6650	9.1	9.1
1.6600	9.1	9.1
1.6550	9.1	9.1
1.6500	9.1	9.1
1.6450	9.1	9.1
1.6400	9.1	9.1
1.6350	9.1	9.1
1.6300	9.1	9.1
1.6250	9.1	9.1
1.6200	9.1	9.1
1.6150	9.1	9.1
1.6100	9.1	9.1
1.6050	9.1	9.1
1.6000	9.1	9.1
1.5950	9.1	9.1
1.5900	9.1	9.1
1.5850	9.1	9.1
1.5800	9.1	9.1
1.5750	9.1	9.1
1.5700	9.1	9.1
1.5650	9.1	9.1
1.5600	9.1	9.1
1.5550	9.1	9.1
1.5500	9.1	9.1
1.5450	9.1	9.1
1.5400	9.1	9.1
1.5350	9.1	9.1
1.5300	9.1	9.1
1.5250	9.1	9.1
1.5200	9.1	9.1
1.5150	9.1	9.1
1.5100	9.1	9.1
1.5050	9.1	9.1
1.5000	9.1	9.1
1.4950	9.1	9.1
1.4900	9.1	9.1
1.4850	9.1	9.1
1.4800	9.1	9.1
1.4750	9.1	9.1
1.4700	9.1	9.1
1.4650	9.1	9.1
1.4600	9.1	9.1
1.4550	9.1	9.1
1.4500	9.1	9.1
1.4450	9.1	9.1
1.4400	9.1	9.1
1.4350	9.1	9.1
1.4300	9.1	9.1
1.4250	9.1	9.1
1.4200	9.1	9.1
1.4150	9.1	9.1
1.4100	9.1	9.1
1.4050	9.1	9.1
1.4000	9.1	9.1
1.3950	9.1	9.1
1.3900	9.1	9.1
1.3850	9.1	9.1
1.3800	9.1	9.1
1.3750	9.1	9.1
1.3700	9.1	9.1
1.3650	9.1	9.1
1.3600	9.1	9.1
1.3550	9.1	9.1
1.3500	9.1	9.1
1.3450	9.1	9.1
1.3400	9.1	9.1
1.3350	9.1	9.1
1.3300	9.1	9.1
1.3250	9.1	9.1
1.3200	9.1	9.1
1.3150	9.1	9.1
1.3100	9.1	9.1
1.3050	9.1	9.1
1.3000	9.1	9.1
1.2950	9.1	9.1
1.2900	9.1	9.1
1.2850	9.1	9.1
1.2800	9.1	9.1
1.2750	9.1	9.1
1.2700	9.1	9.1
1.2650	9.1	9.1
1.2600	9.1	9.1
1.2550	9.1	9.1
1.2500	9.1	9.1
1.2450	9.1	9.1
1.2400	9.1	9.1
1.2350	9.1	9.1
1.2300	9.1	9.1
1.2250	9.1	9.1
1.2200	9.1	9.1
1.2150	9.1	9.1
1.2100	9.1	9.1
1.2050	9.1	9.1
1.2000	9.1	9.1
1.1950	9.1	9.1
1.1900	9.1	9.1
1.1850	9.1	9.1
1.1800	9.1	9.1
1.1750	9.1	9.1
1.1700	9.1	9.1
1.1650	9.1	9.1
1.1600	9.1	9.1
1.1550	9.1	9.1
1.1500	9.1	9.1
1.1450	9.1	9.1
1.1400	9.1	9.1
1.1350	9.1	9.1
1.1300	9.1	9.1
1.1250	9.1	9.1
1.1200	9.1	9.1
1.1150	9.1	9.1
1.1100	9.1	9.1
1.1050	9.1	9.1
1.1000	9.1	9.1
1.0950	9.1	9.1
1.0900	9.1	9.1
1.0850	9.1	9.1
1.0800	9.1	9.1
1.0750	9.1	9.1
1.0700	9.1	9.1
1.0650	9.1	9.1
1.0600	9.1	9.1
1.0550	9.1	9.1
1.0500	9.1	9.1
1.0450	9.1	9.1
1.0400	9.1	9.1
1.0350	9.1	9.1
1.0300	9.1	9.1
1.0250	9.1	9.1
1.0200	9.1	9.1
1.0150	9.1	9.1
1.0100	9.1	9.1
1.0050	9.1	9.1
1.0000	9.1	9.1
0.9950	9.1	9.1
0.9900	9.1	9.1
0.9850	9.1	9.1
0.9800	9.1	9.1
0.9750	9.1	9.1
0.9700	9.1	9.1
0.9650	9.1	9.1
0.9600	9.1	9.1
0.9550	9.1	9.1
0.9500	9.1	9.1
0.9450	9.1	9.1
0.9400	9.1	9.1
0.9350	9.1	9.1
0.9300	9.1	9.1
0.9250	9.1	9.1
0.9200	9.1	9.1
0.9150	9.1	9.1
0.9100	9.1	9.1
0.9050	9.1	9.1
0.9000	9.1	9.1
0.8950	9.1	9.1
0.8900	9.1	9.1
0.8850	9.1	9.1
0.8800	9.1	9.1
0.8750	9.1	9.1
0.8700	9.1	9.1
0.8650	9.1	9.1
0.8600	9.1	9.1
0.8550	9.1	9.1
0.8500	9.1	9.1
0.8450	9.1	9.1
0.8400	9.1	9.1
0.8350	9.1	9.1
0.8300	9.1	9.1
0.8250	9.1	9.1
0.8200	9.1	9.1
0.8150	9.1	9.1
0.8100	9.1	9.1
0.8050	9.1	9.1
0.8000	9.1	9.1
0.7950	9.1	9.1
0.7900	9.1	9.1
0.7850	9.1	9.1
0.7800	9.1	9.1
0.7750	9.1	9.1
0.7700	9.1	9.1
0.7650	9.1	9.1
0.7600	9.1	9.1
0.7550	9.1	9.1
0.7500	9.1	9.1
0.7450	9.1	9.1
0.7400	9.1	9.1
0.7350	9.1	9.1
0.7300	9.1	9.1
0.7250	9.1	9.1
0.7200	9.1	9.1
0.7150	9.1	9.1
0.7100	9.1	9.1
0.7050	9.1	9.1
0.7000	9.1	9.1
0.6950	9.1	9.1
0.6900	9.1	9.1
0.6850	9.1	9.1
0.6800	9.1	9.1
0.6750	9.1	9.1
0.6700	9.1	9.1
0.6650	9.1	9.1

## WORLD STOCK MARKETS

CANADA

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**INDICES**

TOKYO - Most Active Stocks						
Wednesday, 8 January 1992						
	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices
Cosmo Oil	6.3m	851	-38	Shimadzu	2.6m	748
Penta-Ocean	5.2m	1,000	-50	Cameron	2.6m	890
Toyo Ink	3.5m	870	-70	Okura Gas	2.3m	815
Nippon Carbon	3.5m	1,030	+40	Hirochi	2.2m	811
Asahi Corp	3.2m	722	-38	Seiko Kogyo	2.3m	1,440

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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

**NOTES** — Prices on this page are quoted on the individual stocks and are last traded prices, full use and dividends suspended. ~~xx~~ dividend. ~~xx~~ Ex. scrip issue. ~~xx~~ rights. ~~xx~~ Ex. all. Owing to problems at Takeovers, N. American stocks are temporarily being marked ~~xx~~ early.





## AMERICA

## Secondary stocks lead Dow to further midsession gain

## Wall Street

SECONDARY STOCKS again led the way yesterday morning as a buoyant stock market shrugged off news of President Bush's illness, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was up 7.80 at 3,212.45. The more broadly based Standard & Poor's 500 was also firmer at midsession, up 0.99 at 418.39, while the Nasdaq composite of over-the-counter stocks continued to outperform other indices, soaring another 7.00 to 609.28. Turnover on the NYSE was heavy at 183m shares by 1 pm.

The market opened weaker, with the Dow falling 17 points as investors reacted nervously to the news that President Bush had collapsed at a dinner in Tokyo. Assurances from his doctors that Mr Bush was only suffering from intestinal flu calmed the market, and it did not take long for demand to pick up and prices to recover, although by early afternoon the Dow had retreated from its morning peak.

CSX rose 5% to 555% after the railroad and pipeline group announced a massive restructuring programme which would

involve substantial job cuts and, hopefully, big improvements in productivity stemming from agreements with the rail unions. The company said it would be taking a \$450m after-tax charge in the fourth quarter, to cover the cost of safety tests.

## Canada

TORONTO reversed direction and turned higher at midday as worries over the health of the US president faded, and expectations of further interest rate cuts infused the market with optimism.

The TSE-300 rose 9.08 to 3,522.00 in 17.7m shares. Advances led declines by 246 to 208 with 233 unchanged. Northern Telecom gained 6.5% to a record high of C\$32.62 as investors saw potential for further big telecommunications equipment orders from the US.

Best Buy soared 8.5% to 820% in reaction to news that the electronic appliance retailer's same-store sales jumped by 16 per cent in December.

Leading the explosive performance of over-the-counter stocks were Microsoft, up 3% at \$28.4, Apple, up 3% at \$59.15, Amgen, 5% higher at \$75.4, and Intel, 5% firmer at \$62.5.

## Foreign holdings in Mexico hit record

By Damien Fraser in Mexico City

FOREIGN investment in the Mexico stock market reached a record \$19.05bn in 1991, an increase of 34% per cent from 1990, according to the Mexican stock market authority.

The very steep rise in foreign investment reflected the Mexican stock market's 118 per cent increase in dollar terms last year; 17 international

per cent is invested in Telmex. Another \$2.66bn of foreign investment is held in non-voting "B" shares of companies, and \$1.65bn in the Nacional Financiera trust, which allows investors to buy shares not open to foreigners. Investment in foreign-based Mexican investment funds rose 53 per cent to \$300m during 1991.

## ASIA PACIFIC

## Nikkei loses 3.6 per cent as yen falls and rates rise

## Tokyo

A LOWER yen and higher short-term interest rates erased most of the Nikkei's gains accumulated since the cut in the Japanese discount rate on December 30, writes Neil Wembury in Tokyo.

Widespread rumours regarding a fresh scandal involving a speculative investment group and leading politicians also sent jitters through the market. The Nikkei closed 851.38 or 3.6 per cent lower at 22,715.00 after a day's high of 22,738.53 and a low of 22,704.68.

Volume eased from 215m to 200m shares. Declines led gains by 897 to 104, with 104 issues unchanged, and all 36 TSE first section sectors retreated. The Topix index of all first section stocks fell 52.28 to 1,993.39, but, in London, the ISE/Nikkei 50 index ended 0.52 firmer at 1,275.38.

The stock market opened higher on New York's overnight rally, but selling flooded the floor as the government bond market lost ground and the yen went into reverse after its recent strong gains against the dollar. Investment trusts were among the leading sellers. Later in the day, futures and options-linked arbitrage selling added to the losses.

"People had high expectations of another Plaza Accord but it is not going to happen," said Mr Jesper Koll, chief economist at Warburg

Securities, of hopes that Japanese and US officials would take steps to boost the yen.

Equities also came under pressure from the Bank of Japan's tightening of credit, which sent short-term interest rates sharply higher. After lowering its official discount rate last month, the central bank guided the unsecured overnight call rate as high as 8.5 per cent yesterday.

Although declines were widespread, interest rate-sensitive issues were among the largest losers, with Fuji Bank down Y150 to Y2,400 and Sumitomo Bank Y120 to Y2,110. Leading electricals were also depressed, with Pioneer shedding Y230 to Y3,360 and Sony Y220 to Y4,080.

In Osaka, the OSE average dropped 62.50 to 24,16.57 on volume of 32.5m shares. Nintendo, the electronic game maker, fell Y400 to Y11,800.

## Roundup

TOKYO's fall unsettled most of the Pacific Rim yesterday. TAIWAN continued its advance, the weighted index rising 53.80 or 1.1 per cent to 4,772.61 as turnover swelled to T\$42.3bn from T\$35.1bn, the largest in six months.

Shares benefiting from the rise in the local currency included President Enterprises, up T\$2 to T\$50, and Charoen Pok Phand Enterprises, which rose T\$2.70 to T\$41.60.

HONG KONG gave up early gains to profit-taking. The composite index dropped 14.09 to 1,227.38 on profit-taking.

Hong Kong index lost 10.36 to 4,337.87 in turnover of HK\$1,600m, after HK\$1,600m.

Trading hours continued to attract overseas buying. Jamie Matheson held its ground at HK\$40.25 while Hutchinson Whampoa put on 20 cents to HK\$18.10.

SEOUL tumbled on news of problems at small manufacturing companies. The composite index fell 19.42 to 825.82 in turnover of Won337.2bn, after Won482.8bn. Hyundai fell its daily limit on rumours that the government has ordered state-controlled banks not to make loans to the group.

AUSTRIA slipped in spite of the government's 11th cut in interest rates in two years. The All Ordinaries index eased 4.3 to 1,663.4. Turnover rose to A\$229m from A\$195m.

SINGAPORE focused on Overseas Union Bank (OUB) on renewed talk that Lien Ying Chow, the OUB chief, was reducing his stake in the bank. OUB closed 20 cents higher at \$4.90 with 2.6m shares traded. The Straits Times Industrial index closed 6.54 down at 1,494.55. Volume eased to S\$135m from S\$137m.

MANILA saw turnover boosted to 1,582m pesos from the listing of Manila Electric Co (Meralco). Meralco A shares closed at 127 pesos, up from an offer price of 118 pesos. Meralco B ended at 134 pesos, up from an issue price of 121 pesos. The composite index dropped 14.09 to 1,227.38 on profit-taking.

The neglected insurance sector showed signs of life, as UAP added FF19.10 to FF150 with 85,500 shares traded. One analyst said there were reports that the insurers were seeking an increase in tariffs.

FRANKFURT looked abroad, seeing a drop in Tokyo and London and fearing a setback on Wall Street. London strategists said that Germany's 1.2 per cent gain in November industrial production cloaked general weakness in the economy, that mechanical engineering orders had fallen by 5 per cent in the same month and that renewed weakness was likely in the car industry.

Carmakers led again as

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JANUARY 7 1992				MONDAY JANUARY 6 1992				DOLLAR INDEX							
	US Dollar Index	Day's Change %	Pound Sterling Index	Year Index	DM Index	Local Currency Index	Local % on day	Gross Div. Yield	US Dollar Sterling Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (90)	151.84	+1.3	120.07	119.20	135.21	133.19	-0.5	4.17	150.88	121.38	120.51	121.37	133.80	121.31	112.74	114.07
Austria (20)	171.51	-0.1	135.51	134.54	135.21	135.07	+1.6	2.14	168.61	133.16	132.22	132.37	163.88	120.54		
Belgium (47)	145.11	-0.1	114.89	105.05	114.63	111.65	-0.4	5.31	145.19	114.68	114.58	112.07	151.26	118.04	125.58	
Canada (15)	137.87	-0.2	109.16	108.37	109.51	110.41	-0.4	3.22	109.20	108.29	108.38	109.13	114.43	144.28	127.95	
Denmark (37)	273.80	+0.6	215.33	215.33	215.33	215.33	+0.2	1.87	272.40	215.19	215.19	215.19	218.84	212.30	217.74	
Finland (10)	151.34	-0.7	84.82	84.82	84.82	84.82	-0.5	3.45	182.33	120.32	119.44	120.29	123.84	123.23	118.11	127.61
France (100)	151.34	-0.7	119.82	118.95	119.13	120.21	-0.7	2.1	190.80	120.21	120.21	120.21	194.32	125.35	94.15	106.06
Germany (85)	116.77	-0.6	94.04	93.57	93.63	93.62	-0.5	2.49	119.44	94.34	93.67	94.32	94.32	117.05	94.15	106.06
Hong Kong (55)	179.04	+1.0	141.76	140.73	141.44	178.21	+1.0	4.18	177.22	139.98	139.97	139.98	176.46	179.04	119.28	121.18
Ireland (18)	170.88	-0.7	185.14	184.17	185.00	185.00	-0.7	3.83	177.85	138.74	138.74	138.74	188.21	149.45	135.88	137.73
Italy (77)	158.20	-0.2	112.22	112.22	105.42	106.42	-1.0	0.78	140.95	111.33	110.53	111.23	110.53	149.97	118.23	128.54
Japan (474)	158.20	-0.2	110.22	109.42	109.42	108.42	-1.0	0.78	140.95	111.33	110.53	111.23	110.53	149.97	118.23	128.54
Malaysia (85)	215.94	+0.1	170.98	169.73	170.58	224.80	-0.1	2.91	215.69	170.57	169.13	170.53	225.12	247.78	184.18	199.80
Mexico (16)	1410.26	-0.5	116.80	110.82	114.05	475.71	-0.5	1.10	1417.36	111.93	111.11	111.23	1471.36	134.45	505.84	
Netherlands (31)	154.14	-0.2	122.04	121.16	121.16	120.37	-0.8	4.49	155.45	121.89	121.89	121.89	121.40	125.50	129.29	
New Zealand (14)	47.41	-0.1	37.03	37.03	45.53	52.48	+0.8	3.98	48.45	38.33	38.32	38.32	47.00	54.84	41.18	43.11
Norway (20)	147.62	-0.4	147.62	147.62	147.62	147.62	-0.1	1.71	150.54	148.54	148.54	148.54	152.24	152.88	150.43	
Portugal (28)	223.53	-0.4	176.98	175.70	176.58	167.08	+0.3	2.09	222.61	175.94	174.68	175.50	176.82	182.45	175.50	176.25
South Africa (31)	255.43	+0.7	202.24													